

The City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis-Marion County)

Bart Peterson, *Mayor*

Katherine L. Davis, *City Controller*



Comprehensive Annual Financial Report

December 31, 2002



PHOTO DESCRIPTIONS FROM UPPER RIGHT TO LOWER LEFT

Arts Garden

The Indianapolis Artsgarden is a performance and exhibition space for the local arts community and connects downtown hotels, office buildings, RCA Dome and the convention center to the Circle Center Mall. The Circle Center Mall is one of many public-private partnerships for which Indianapolis is renowned. The construction of the Circle Center Mall incorporated 11 historical buildings and facades. This architectural design helped to maintain the “Main Street” ambiance of the Indianapolis downtown. *(Photo courtesy of the Indianapolis Convention and Visitor’s Association)*

Indianapolis Police Department Officer and Mayor

Mayor Bart Peterson shakes hands with one of the Indianapolis Police Department’s newest officers. The graduating recruit class pictured helps fulfill Mayor Peterson’s pledge to add 200 additional officers to IPD.

Market Street Facing West

Facing west down Market Street in downtown Indianapolis, one of the City’s landmarks—The Soldiers and Sailor’s Monument—is clearly visible. The monument memorializes the lives and dedication of Indiana’s Civil War veterans. The monument was originally designed by Bruno Schmitz of Germany and completed by Rudolf Schwarz of Austria. To the right in the middle foreground is the Indianapolis City Market, another downtown attraction. The City Market’s history is one of entrepreneurship and good food. From the middle 19th century to early 20th century the Market thrived as a source of fresh produce, meat, fish, poultry, dairy and bakery products. In recent years the City Market has rediscovered this heritage and provides good food to persons shopping and lunching downtown. *(Photo courtesy of the Indianapolis Convention and Visitor’s Association)*

Snow Plows

The removal of snow from Indianapolis streets during the winter months is one of the fundamental responsibilities of local government. Each year Indianapolis school children paint the blades of the City’s snowplows to represent a theme. Thirty-four snowplows were painted in the winter of 2002-2003 by 11 schools from across Indianapolis, selected at random to participate. Approximately 1400 students participated in this past winter’s theme, “The Fabulous Fall.”

Washington Street Bridge

This photograph looks east at the Old Washington Street Bridge, a pedestrian crossing in the White River State Park. The Old Washington Street Bridge connects the east and west banks of the White River to form the Park. Situated in White River State Park are cultural, educational and recreational attractions. The NCAA Hall of Champions is visible in the middle foreground left, other attractions in the Park include the Indianapolis Zoo, White River Gardens, the Eiteljorg Museum of American Indians and Western Art and the Congressional Medal of Honor Memorial. *(Photo courtesy of the Indianapolis Convention and Visitor’s Association)*

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis-Marion County)

Year Ended December 31, 2002

Office of the City Controller

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Introductory Section

TABLE OF CONTENTS

Page(s)

I. INTRODUCTORY SECTION

Table of Contents	II - IV
Letter of Transmittal	V - VIII
Certificate of Achievement for Excellence in Financial Reporting	IX
Organization of Local Government and Taxing Districts	
Introduction	X
Form of Government	X- XI
Other Governmental Units	XI - XII
Maps	XII - XIII
Unigov Organization Chart – Consolidated Government for Indianapolis - Marion County	XIV
City of Indianapolis Organization Chart	XV
Schedule of Elected and Appointed Officials	XVI – XVII
Consolidated City Operations	XVIII - XXVIII

II. FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS – REQUIRED SUPPLEMENTARY INFORMATION	3 - 14
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	15 – 16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Assets – Proprietary Funds	23 – 24

TABLE OF CONTENTS (continued)

	Page(s)
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26 – 28
Statement of Fiduciary Net Assets – Fiduciary Funds	29
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	30
Notes to Financial Statements	31 – 74
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Federal Grants Special Revenue Fund	76
Schedules of Funding Progress	77
Schedule of Employer Contributions	78
Notes to Required Supplementary Information	79 – 82
COMBINING AND NONMAJOR INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES – OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	84
Schedule of Sub-Fund Assets, Liabilities and Fund Balance – General Fund	86 – 87
Schedule of Sub-Fund Revenues, Expenditures and Changes in Fund Balance – General Fund	88 – 89
Schedule of Sub-Fund Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual – Budgetary Basis	90 – 93
Schedule of Expenditures by Character – General Fund – Budget and Actual – Budgetary Basis	94 – 106
Combining Balance Sheet – Nonmajor Special Revenue Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	109
Combining Schedule of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficits) – Special Revenue Funds – Budget and Actual – Budgetary Basis	110
Schedule of Expenditures by Character – Special Revenue Funds – Budget and Actual – Budgetary Basis	111 – 114
Combining Balance Sheet – Nonmajor Debt Service Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	117
Combining Schedule of Revenues, Expenditures and Changes in Unreserved Fund Balances – Debt Service Funds – Budget and Actual – Budgetary Basis	118 – 120

TABLE OF CONTENTS (continued)

	Page(s)
Schedule of Expenditures by Character – Debt Service Funds – Budget and Actual – Budgetary Basis	121
Combining Balance Sheet – Nonmajor Capital Projects Funds	123
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	124
Combining Schedule of Revenues, Expenditures and Changes in Unreserved Fund Balances – Annually-Budgeted Capital Projects Funds – Budget and Actual – Budgetary Basis	125
Schedule of Expenditures by Character – Annually-Budgeted Capital Projects Funds – Budget and Actual – Budgetary Basis	126 – 127
Combining Statement of Net Assets – Internal Service Funds	129
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	130
Combining Statement of Cash Flows – Internal Service Funds	131
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	133
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – Police and Firefighter Pension Trust Funds	134
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds – Agency Funds	135 – 136
Schedule of Revenues and Expenditures – Fiduciary Funds – Police and Firefighter Pension Trust Funds – Budget and Actual – Budgetary Basis	137

III. STATISTICAL TABLES (UNAUDITED)

General Governmental Expenditures by Function and Other Uses	I	139
General Governmental Revenues by Source and Other Financing Sources	II	140
Tax Revenues by Source	III	141
Property Taxes Levied and Collected	IV	142
Assessed and True Tax Actual Value of Taxable Property - County-Wide	V	143
Property Tax Rates - Direct and Overlapping Governments	VI	144
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	VII	145 - 146
Schedule of Direct and Overlapping Bonded Debt and Bonded Debt Limit	VIII	147 - 149
Computation of Legal Debt Margin	IX	150
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	X	151
Schedule of Housing Agency Revenue Bond Retirements	XI	152
Property Value, Construction, and Deposits in Banks and Savings and Loans	XII	153
Principal Taxpayers and Employers	XIII	154
Demographic Statistics	XIV	155 - 156
Miscellaneous Statistical Data	XV	157 - 159
Schedule of Insurance in Force	XVI	160
Salaries of Principal Officials	XVII	161



July 11, 2003

Honorable Mayor Bart Peterson
City of Indianapolis, Indiana

I submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Indianapolis (City) for the fiscal year ended December 31, 2002. The City is a component unit of the Consolidated City of Indianapolis - Marion County Reporting Entity. This report was prepared by the Office of the City Controller. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller of the City of Indianapolis. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA). This report represents a dramatic change in governmental reporting. There are three main sections to this report. The Introductory Section includes this letter, a description of the government and related taxing districts, the Certificate of Achievement for Excellence in Financial Reporting, a list of elected officials and the City's organizational charts. The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements for the City, and supplementary information. The Statistical Section includes selected financial and demographic information presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws and regulations, are included in a separate report.

This report contains all funds of the City. The City operates under an elected Mayor and City-County Council (29 members) form of government. The City provides services in public safety, public works, health and welfare, cultural and recreation, urban redevelopment, housing, and economic development. The City operates public housing facilities and beginning in 2002, a waterworks facility.

ECONOMIC CONDITIONS AND OUTLOOK

The City of Indianapolis has earned a reputation as one of the best places in the country to live and start and grow a business. Indianapolis ranked seventh on Expansion Management Magazine's "Hottest Cities" list.

Many Fortune 500 companies call Indianapolis home, including the world's tenth largest drug manufacturer, Eli Lilly and Company. Lilly is entering the fifth year of a ten-year expansion, creating 7,500 new jobs and investing \$1 billion in capital.

Over the past year, other businesses made considerable investments in our city. The Indianapolis Star built a \$72 million state-of-the-art printing facility in Pike Township. Dow AgroSciences invested \$16.8 million to relocate its biotechnology research and development group from San Diego to Indianapolis. Allstate Insurance built an \$11 million customer service center in Decatur Township. During 2002, approximately \$576 million was invested in the City.

Despite many successes, the economic slump that has affected all of America has impacted Indianapolis. The United Airlines maintenance center at the Indianapolis International Airport, which has provided jobs for thousands of central Indiana families, has closed in 2003 and the City is working aggressively to find other users for the facility. The City has retained experts and enlisted volunteers to assist in marketing the maintenance facility.

The remarkable Central Indiana Life Sciences Initiative offers a compelling case for a bright future for the Indianapolis economy. A year and a half ago, the City and the other founding partners came together to form the Life Sciences Initiative. The vision involves building upon extraordinary assets in central Indiana to be a world leader in research, development and commercialization in the life sciences. Through the Life Sciences Initiative, academic institutions and business people will collaborate to start companies and draw investment capital into Indiana. The jobs created will pay more than those in other industry sectors. The City's technology reputation will accelerate Indianapolis's growth as a tourist and convention destination city.

Indianapolis's vibrant downtown continues to foster residential development. In 2002, developers completed 308 new housing units for both homeowners and renters. The city announced 404 new housing units for Central Indiana residents. In 2003, one of the City's neighborhood revitalization efforts, Fall Creek Place, started its third and final phase. Fall Creek Place will create 300 new and mixed income home ownership opportunities for families and individuals.

Internal Control Structure

Management of the City is responsible for establishing and maintaining an internal control structure that ensures the assets of the government are protected from loss, theft or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a

control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary control is maintained for certain funds, at the object level of expenditure by the encumbrance of purchase orders against available appropriations. The City uses the Governmental Accounting Standards Board expenditure terminology (object) for financial reporting purposes and State of Indiana expenditure terminology (character) for internal accounting purposes. Capital projects reimbursable by grant revenues are encumbered for the total amount of the estimated project cost. Outstanding encumbrances to be financed from future revenues, other than approved grant revenues and certain Consolidated County budgetary account reimbursements are recorded in their entirety as a reservation of fund balance.

Cash Management

Due to the fluctuating market conditions, excess cash during the year was invested in certificates of deposit and U.S. Treasury Bills and Notes and Repurchase Agreements which were generally for periods of two years or less. It is the City's policy to invest in certificates of deposit with local, federally insured banks that have a principal office within the county and have been approved by the Marion County Board of Finance.

Risk Management

The City is self-insured for losses arising from worker's compensation and automobile liability claims. This program is maintained by the Department of Administration and its Risk Manager. Internal Service funds are used to record the premiums charged to the operating departments and the claims expense.

OTHER INFORMATION

Audit Committee

The City's Audit Committee was formalized by City-County Council ordinance to provide an independent review body for the audit activities of the City. At December 31, 2002 the Audit Committee members were:

Ms. Jenna Walls, Chairperson

Business Owner, Urban Bloom

Mr. William Sheldrake

President, Indiana Fiscal Policy Institute

Ms. Jennifer Simmons

Deputy Chief of Staff, Mayor's Office

Mr. Curtis L. Coonrod

C.P.A. of C. L. Conrad & Company

Mr. Larry Ness

Managing Partner, Ness & Company LLP

Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indianapolis for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

A fine City team of Controller's Office accountants and department chief fiscal officers have worked together to prepare this report.

We appreciate the work of our independent auditors, KPMG LLP and the assistance provided to them by the City's internal auditors.

Mayor Peterson, I appreciate your continued interest and support for excellence in accounting and reporting.

Respectfully submitted,

A handwritten signature in black ink that reads "Katherine L. Davis". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Katherine L. Davis

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Indianapolis,
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF INDIANAPOLIS

ORGANIZATION OF LOCAL GOVERNMENT AND TAXING DISTRICTS

Introduction

The City of Indianapolis (City) was originally incorporated in 1832. It is the largest city in the State of Indiana and the twelfth largest city in the nation with a population of 860,000 and a metropolitan area population of approximately 1.6 million people. The City encompasses a land area of 402 square miles, making it the eighth largest city in the nation in terms of land area. The City, located at the geographic center of the state, is the State Capital and also serves as the physical, economic and cultural capital. Indianapolis has a stable and diversified economy with employment rates and income levels consistently above the national averages.

Form of Government

On January 1, 1970, the governments of the City and that of Marion County were unified and their form of service delivery consolidated, thereby extending the City's boundaries to generally coincide with those of the County. Four municipalities (Beech Grove, Lawrence, Speedway and Southport) located within the County boundaries were specifically excluded from most functions of the consolidated City by the consolidating act. The consolidated government provides for a Mayor and a twenty-nine member legislative council. The Council consists of twenty-five councilors elected from single-member districts and four councilors elected at large. Because the Mayor's powers extend to the entire county, residents of the Town of Speedway and the Cities of Beech Grove, Lawrence and Southport, the municipalities not affected by the reorganization, vote for the Mayor as Chief County Executive as well as for the councilors at-large.

Since adoption of the consolidated form of government for the City, governmental services within the area of Unigov are provided by 64 different units of local government, including the consolidated City, Marion County, 5 independent municipal corporations, 11 school corporations, 9 townships, 12 towns, the 4 municipalities excluded from the consolidated City of Indianapolis, 2 library boards and one conservancy district. Within the consolidated City, special taxing districts were created to coincide with user benefit district boundaries then existing or as extended by the consolidating act. Boundaries of the various districts are such that a resident may be a member of one district and not another. Therefore, the resident's geographic location within the County determines the governmental unit and taxing district rates to be combined in calculating the specific tax rate. As a result of the varying areas in which services are provided by the 46 different governmental units, Marion County is broken down into 61 different geographical areas for purposes of tax rate determination.

The maps on pages XII and XIII illustrate the relationship of the described taxing units.

The following taxing units are within the consolidated City and all except the Consolidated County and the special service districts can issue bonds:

	Map		Map
Civil City	2	Flood Control District	1
Consolidated County	1	Metropolitan Thoroughfare District	1
Redevelopment District	2	Police Special Service District	5
Solid Waste Collection Special Service District	7	Fire Special Service District	6
Solid Waste Disposal Special Service District	2	Park District	1
Sanitary District	8	Public Safety Communications & Computer Facilities District	1

The Metropolitan Thoroughfare District, Flood Control District, Park District and Public Safety Communications & Computer Facilities District are special taxing districts, the boundaries of which are coterminous with the boundaries of Marion County.

The Indianapolis Redevelopment District and the Solid Waste Disposal District are special taxing districts, the boundaries and taxable property of which are coterminous with the boundaries of the City. The Redevelopment District includes a Consolidated Tax Allocation Area which captures incremental increases in assessed valuation for the repayment of the Tax Increment Finance Bonds.

OTHER GOVERNMENTAL UNITS

The Consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

- **Marion County** as a governmental unit provides services such as courts, sheriff, tax assessment and collection, etc. not otherwise provided by other governmental units.
- The **Capital Improvement Board of Managers** is a separate and distinct municipal corporation with territory coterminous to the territory of Marion County. The Board is authorized to finance, construct, equip, operate and maintain any capital facilities or improvements of general public benefit or welfare which would tend to promote cultural, recreational, public or civic well-being of the community. The Board operates facilities used for sports, recreation, and convention activities in downtown Indianapolis. The **Marion County Convention and Recreational Facilities Authority** was created in 1985 under applicable State statutes to provide certain financing for projects of the Capital Improvement Board.
- The **Indianapolis Airport Authority** and the **Health and Hospital Corporation of Marion County** are separate and distinct municipal corporations with territory coterminous to the territory of Marion County. The Airport Authority was established for the general purpose of acquiring, maintaining, operating and financing airports and landing fields in and bordering on Marion County. The Airport Authority bonds are general obligations payable from unlimited ad valorem taxes assessed on all taxable property of Marion County; however, in practice the bonds have been paid from the net revenues of the Airport Authority. The Health and Hospital Corporation was given the mandate to provide preventative and curative health programs for the residents of Marion County, including indigent health care.

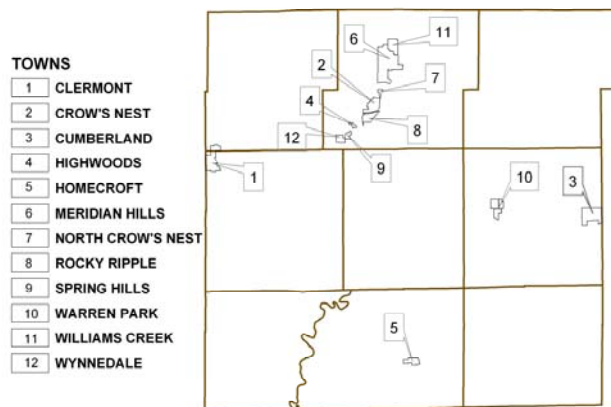
- The **Indianapolis-Marion County Building Authority** is a separate and distinct municipal corporation that acts as landlord for the City-County Building. The County pays 58% and the City pays 42% of the total lease rental. The Authority also has outstanding bonds payable from lease rentals (which are paid from taxes levied) from Marion County for the Marion County Jail expansion, and from the City for the central maintenance garage. Minor portions of Authority facilities are leased to other units of government and private parties.
- The **Indianapolis Public Transportation Corporation (IndyGo)** is a separate and distinct municipal corporation with territory coterminous to the territory of the Consolidated Civil City of Indianapolis. IndyGo provides public transportation service within Marion County.
- The **Indianapolis Marion County Public Library** is a separate and distinct municipal corporation, the territory of which includes the property in Marion County, excluding the City of Beech Grove and the Town of Speedway.

There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school buildings constructed by the building corporations.

See page XIV for the Unigov Organization Chart and page XV for the Consolidated City of Indianapolis Organization Chart.

All of the following amounts are in thousands.

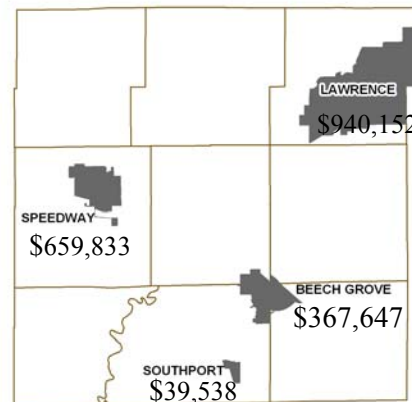
Map 1



**MARION COUNTY
AND OTHER
INCLUDED TOWNS**

Marion County \$28,982,117

Map 2

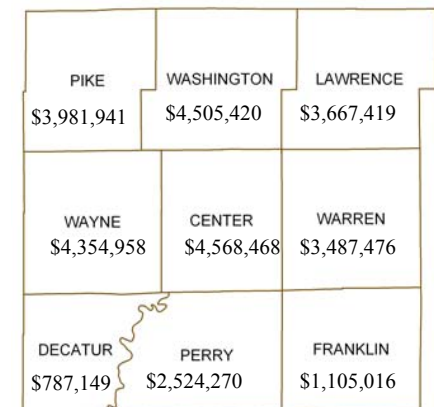


**CONSOLIDATED
CITY OF INDIANAPOLIS**

City of Indianapolis \$26,974,946

Excluded Cities and Towns \$2,007,170

Map 3



TOWNSHIP

NOTE: See Statistical Schedule VIII on pages 147, 148 and 149 of Part III of this annual report. The assessed valuation figures are for March 1, 2001 valuations for taxes collectible in 2002.

Map 4

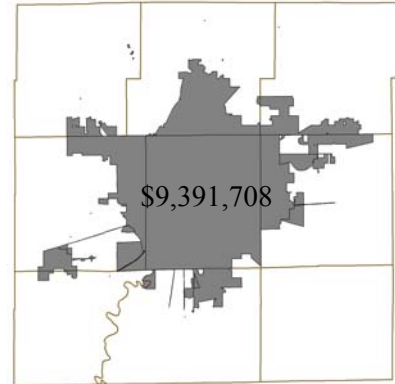
**LIBRARIES**

Beech Grove \$340,995

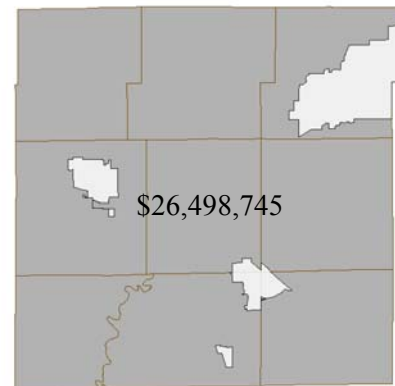
Speedway \$659,833

Marion County Libraries \$27,981,289

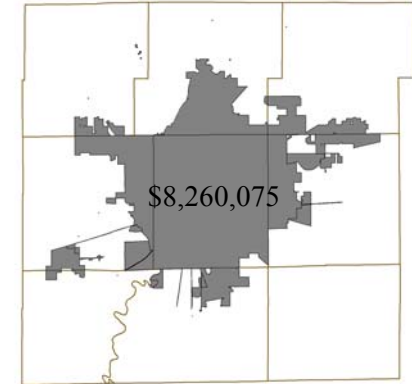
Map 5

**INDIANAPOLIS****POLICE SERVICE DISTRICT**

Map 8

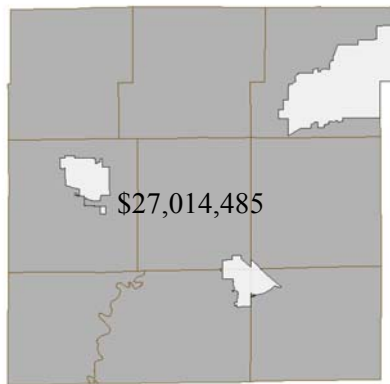
**INDIANAPOLIS****SANITARY DISTRICT**

Map 6

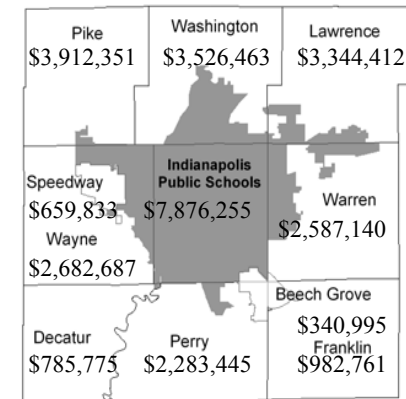
**INDIANAPOLIS****FIRE SERVICE DISTRICT**

(Outside of this district, townships and excluded cities and towns provide the fire service)

Map 7

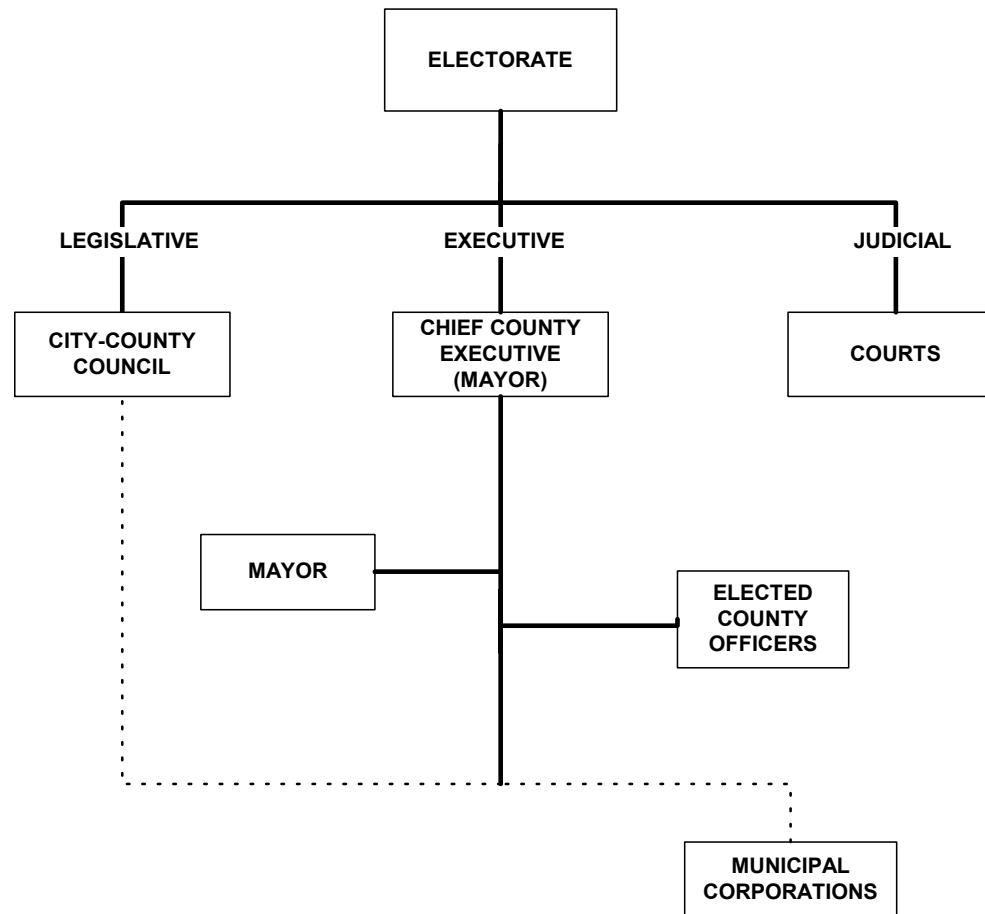
**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

Map 9

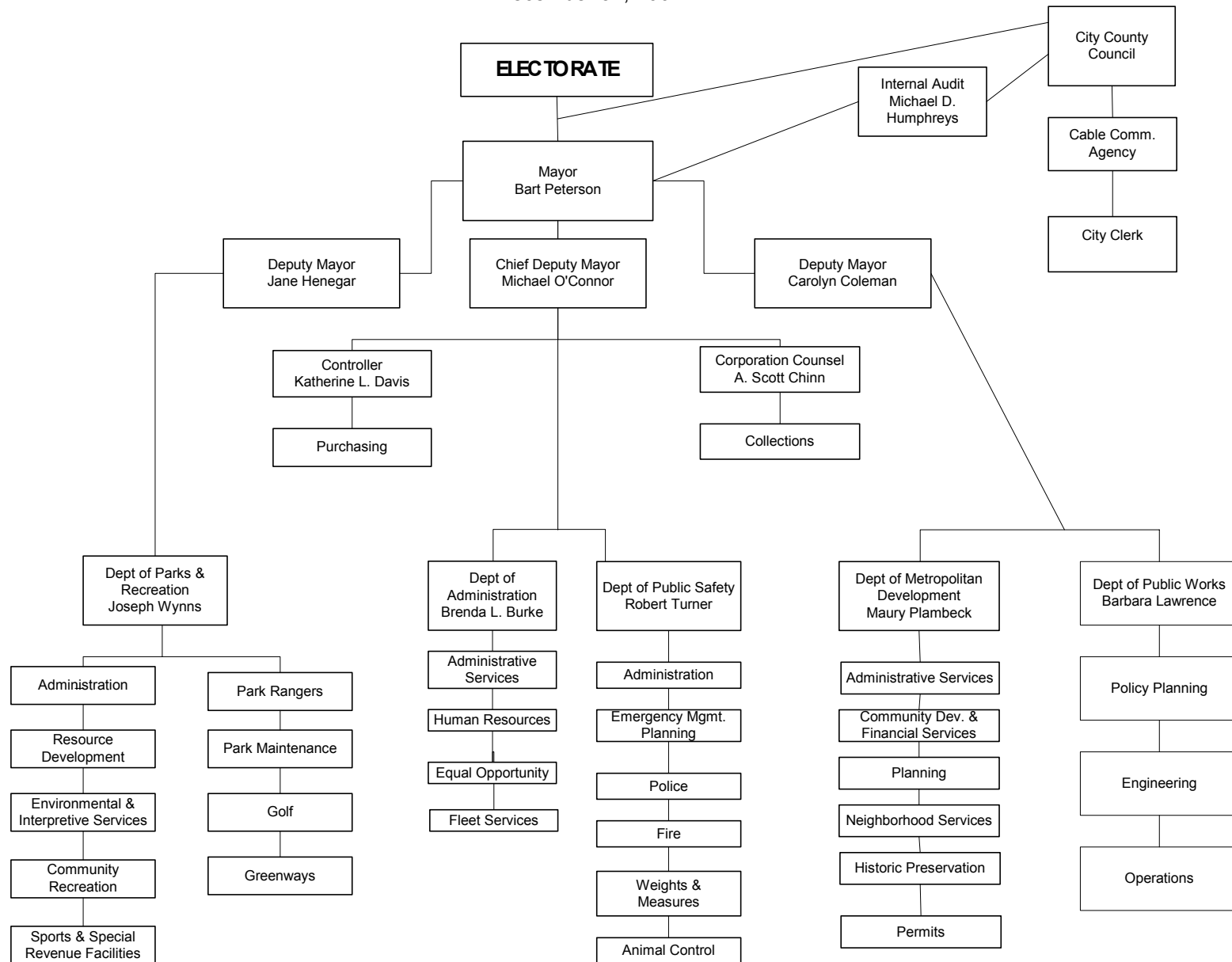
**SCHOOL DISTRICT**

NOTE: See statistical Schedule VIII on pages 147, 148 and 149 of Part III of this annual report. The assessed valuation figures are for March 1, 2001 valuations for taxes collectible in 2002.

**UNIGOV ORGANIZATIONAL CHART
CONSOLIDATED GOVERNMENT FOR INDIANAPOLIS-MARION COUNTY**



City of Indianapolis Organization Chart
December 31, 2002



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2002

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Bart Peterson	Mayor	3	Mayor and Chief County Executive
Dr. Philip C. Borst	City-County Council President	22	Veterinarian, Shelby Street Animal Clinic
Beulah A. Coughenour	City-County Council Vice President	26	Civic Worker and Homemaker
John Bainbridge	City-County Councillor	3	Retired
Elwood C. Black	City-County Councillor	11	Retired
Rozelle Boyd	City-County Councillor	35	Retired
James Bradford	City-County Councillor	7	Owner, The Whistle Stop Restaurant
Maggie M. Brents	City-County Councillor	11	Retired
Bob Cockrum	City-County Councillor	7	Retired
Curtis Coonrod	City-County Councillor	7	Curtis L. Coonrod, CPA, C. L. Coonrod & Company
Lonnell Conley	City-County Councillor	3	Retired
William Douglas	City-County Councillor	3	Chief Executive of Operations, Center Township Trustee
William A. Dowden	City-County Councillor	30	Public Policy Specialist, Golden Rule Insurance
Sean Frick	City-County Councillor	1	Director, ATA Strategic Planning
Ron Gibson	City-County Councillor	3	Unit Mgr., Claims Department, Travelers Insurance Co.
Monroe Gray, Jr.	City-County Councillor	11	IFD, Captain
Karen Celestino Horseman	City-County Councilor	3	Attorney, Barnes & Thornburg
Harvey Knox	City-County Councillor	3	Retired
Lance Langsford	City-County Councillor	3	IFD, Captain
Jackie Nytes	City-County Councillor	3	Adjunct Faculty, Graduate School of Library Sciences, IUPUI
Robert Massie	City-County Councillor	7	President, Massie & Associates
Mary Bridget Moriarty Adams	City-County Councillor	15	Office Manager, Indiana Housing Finance Authority
Joanne Sanders	City-County Councillor	3	International Representative, International Alliance of Theatrical Stage Employees
Steve Talley	City-County Councillor	7	Retired

CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)
December 31, 2002

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Scott G. Schneider	City-County Councillor	3	Vice President of Sales, Mister Ice of Indianapolis
Frank T. Short, J.D.	City-County Councillor	11	Leagre, Chandler & Millard, Govt. Services Dir.
David Smith	City-County Councillor	11	Security Manager, Kroger
Bill Soards	City-County Councillor	3	Director of State Govt. Relations, Ameritech
Jody Tilford	City-County Councillor	8	City of Indianapolis, Dept. of Public Works
Lynn McWhirter	City-County Councillor	2	Asst. Trustee, Wayne Township Trustee's Office
Gregory N. Jordan	Ex-Officio City Treasurer	6	Marion County Treasurer

* The term of office for all elected officials expires December 31, 2003 except for the Marion County Treasurer, whose term expires December 31, 2004.

APPOINTED OFFICIALS

Name	Position	Number of Years in This Position	Number of Years Associated with City of Indianapolis - Marion County
Michael B. O'Connor	Chief Deputy Mayor	3	3
Carolyn Coleman	Deputy Mayor of Neighborhoods	2	3
Jane Henegar	Deputy Mayor of Public Policy	3	3
Katherine L. Davis	City Controller	3	3
A. Scott Chinn	Corporation Counsel	3	3
Brenda Burke	Director of Administration	3	3
Maury Plambeck	Director of Metropolitan Development	2	14
Barbara Lawrence	Director of Public Works	1	1
Robert Turner	Director of Public Safety	3	27
Joe Wynns	Director of Parks & Recreation	3	32
Suellen Hart	Clerk of the City-County Council	9	18
Michael D. Humphreys	Administrator of Internal Audit	21	21

CONSOLIDATED CITY OPERATIONS

Executive & Legislative

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and enjoys wide appointive powers, including the right to name deputy mayors, department heads, and many board and commission members. (The deputy mayor and department director appointments are subject to approval by a majority of the City-County Council). The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City.

The Mayor controls the major administrative functions of the consolidated City through six departments as follows: Administration, Metropolitan Development, Public Works, Public Safety, Parks and Recreation, and Waterworks, each headed by a director, and through special taxing and service districts. Transactions for the Mayor's office are accounted for in the Consolidated County subfund of the General Fund. The Mayor heads a cabinet of appointed Deputy Mayors, Corporation Counsel, Controller and Department Directors. The Office of Internal Audit is independent of any City Department, as is the Office of the Corporation Counsel and the Office of the City Controller. These divisions report directly to the Mayor.

CITY-COUNTY COUNCIL

The City-County Council provides efficient and economical administrative support to the local legislative branch of government. The Council is responsible for adoption of appropriations and tax rates supporting the City and County annual budgets, and reviews and recommends the five Municipal Corporations' annual budgets. The City-County Council also confirms appointments of individuals to the positions of Deputy Mayor and Directors of UNIGOV Departments. They also enact legislation and appoint people to various boards and commissions of local government. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

CABLE COMMUNICATIONS AGENCY

The Cable Communications Agency oversees cable franchise compliance and contractual obligations, as well as prepares and supervises renewal of franchise agreements. Through WCTY/Channel 16 and Government TV2, the Cable Communications Agency provides City-County government information to Marion County citizens and supplements public safety education. Agency staff makes recommendations for the best usage of communications equipment through research of new communication models and technologies. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

OFFICE OF THE CORPORATION COUNSEL

The Office of the Corporation Counsel provides legal counseling and representation for all agencies of City and County government and is headed by Corporation Counsel who is appointed by the Mayor. Transactions for this Office are accounted for in the Consolidated County subfund of the General Fund. The responsibilities of the Office are governed by Indiana statute, which vests the Office with the authority to represent and defend the City and County and its officers in causes of action in which they are parties by virtue of their official capacity and to compromise litigation and effect settlement of pending litigation. In addition, the Office furnishes legal advice and formal opinions and conducts legal proceedings. The City Prosecutor's Office, also a part of the Office of the Corporation Counsel, initiates legal action for the purpose of enforcing City ordinances. The preparation of non-fiscal ordinances for introduction before the City-County Council and the drafting of legislative proposals in the Indiana General Assembly are also functions of the Office of the Corporation Counsel.

The Collections section is a part of the Office of Corporation Counsel and is responsible for pursuing collections of amounts owed by third parties to various City and County agencies with transactions accounted for in the Consolidated County subfund of the General Fund, with the exception of revenue from parking fines, which is accounted for in the Parking Meter Special Revenue Fund.

OFFICE OF THE CITY CONTROLLER

The Office of the City Controller is charged with the fiscal management of City government. Appointed by the Mayor, the City Controller ensures that financial assets of the government are protected. The office is responsible for the annual City budget, payroll, FAMIS (computerized accounting section), accounts payable, general accounting, cash management, Barrett law, city licenses, and federal audit relationships with transactions accounted for in the Consolidated County subfund of the General Fund.

The Division of Purchasing, which reports to the City Controller, acts as the central purchasing agent for all City and County government offices with transactions accounted for in the Consolidated County subfund of the General Fund. The Division has responsibility for obtaining all necessary materials, equipment, services and performing certain phases of bookkeeping for City-County government, and oversees the disposal of surplus assets.

Department of Administration

The City-County Administrative Board (Board) consists of the Director of the Department of Administration who serves as its presiding officer, the County Auditor, the Controller and two members appointed by the City-County Council. The Board approves certain contracts for the Department of Administration and any other City or County office that does not currently have a board to approve the award of contracts. The Board also acts as the "disposing agent" when a City or County board or office has determined that property shall be disposed of, and reviews insurance and surety bond coverage for all officers, agents, employees, departments and agencies of City and County government.

This Department provides overall administration for the consolidated City, including human resources, risk management, equal opportunity activities and vehicular equipment maintenance.

ADMINISTRATIVE SERVICES DIVISION

The Administrative Service Division supervises, coordinates, and oversees the activities of the department and provides administrative support to the Mayor's office. Transactions are accounted for in the Consolidated County subfund of the General Fund.

HUMAN RESOURCES DIVISION

The Human Resources Division services City departments by successfully recruiting and developing a competitive customer-focused workforce. To do so, the Division continually sets and monitors goals based upon customer expectations while ensuring fair and equal hiring and employment practices. The City's risk management, labor, and employee relations activities are also part of this division. Transactions are accounted for in the Consolidated County subfund of the General Fund.

DIVISION OF EQUAL OPPORTUNITY

The Division of Equal Opportunity conducts investigations of alleged discriminatory practices that deny opportunities to citizens in employment, housing, education and public accommodations. The division functions as the Affirmative Action Office to assure equal opportunities in employment of employees of City-County government. This division also promotes the quality of minority-owned business enterprise/women-owned business enterprise (MWE/WBE'S) performance, provides staff support for the African-American Male Commission, and helps to increase access to economic opportunity for small (MBE/WBE's) and increases public awareness and support of City business developments. Transactions are accounted for in the Consolidated County subfund of the General Fund.

INDIANAPOLIS FLEET SERVICES

The Indianapolis Fleet Services (I.F.S.) is responsible for the maintenance, fueling, monitoring and repair of all vehicles and other equipment owned by the City and has all powers and duties necessary for operation of a municipal garage. I.F.S. also maintains vehicles and equipment owned by a number of other governmental agencies on a contractual basis. Transactions for this Division are accounted for in the Consolidated County subfund of the General Fund.

Department of Metropolitan Development

The Department of Metropolitan Development's primary objectives are to provide improved service delivery through effective communications, collaboration and developmental assistance to promote partnership between the public and City government to facilitate quality housing and economic growth throughout the county. The Department follows policies established by the Metropolitan Development Commission and coordinates the activities of its operating divisions: Administrative Services, Community Development and Financial Services, Planning, Neighborhood Services, Historic Preservation Commission, and Compliance. The Metropolitan Development Commission is the policy-making body of the Department of Metropolitan Development and receives staff support from the Department. The Commission is composed of nine members, four of whom are appointed by the Mayor, three by the City-County Council and two by the Board of County Commissioners.

ADMINISTRATIVE SERVICES

The Division of Administrative Services provides managerial support to other divisions in the Department of Metropolitan Development as well as managing department owned properties throughout the City. The division also promotes economic development by leveraging private and public resources in support of developing affordable housing and new employment opportunities in neighborhoods. Transactions for this division are accounted for in the Redevelopment and Consolidated County subfunds of the General Fund and the Federal Grants Special Revenue Fund.

COMMUNITY DEVELOPMENT AND FINANCIAL SERVICES

The Community Development and Financial Services division has the responsibility of administering all U.S. Department of Housing and Urban Development grants, with transactions accounted for in the Federal and State Grant Special Revenue Funds and the Consolidated County, Redevelopment and Solid Waste Collection subfunds of the General Fund. The division supports activities of community development, affordable housing, neighborhood capacity building, human services, neighborhood strategic programming and capital improvements projects. The Division also administers the Unsafe Building Program in conjunction with Health & Hospital

Corporation. Financial staff also offer financial management support, in the form of budgeting, financial reporting, payroll, accounts payable/receivable, to the other department divisions consistent with established policies by federal, state, and local regulations.

DIVISION OF PLANNING

The Division of Planning has wide-ranging responsibilities in areas of social, physical, and economic planning. It analyzes present community conditions and makes projections of future development, recommending various plans for private and public action. The Division also is responsible for transportation planning activities as the Metropolitan Planning Organization (MPO) for the Indianapolis Urbanized Area. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund. The division processes all land use petitions for public hearing including recommendations; and reviewing, revising and updating zoning ordinances to reflect the needs of the community.

NEIGHBORHOOD SERVICES

The Division of Neighborhood Services is responsible for facilitating and enhancing communications between the public and government; identifying and assisting in addressing the needs of township residents, community organizations and businesses; enlisting citizen and business participation with government and increasing public awareness of the programs and services offered by the City of Indianapolis. Transactions are accounted for in the Federal Grants Special Revenue Fund and Consolidated County subfund of the General Fund.

INDIANAPOLIS HISTORIC PRESERVATION COMMISSION

The Indianapolis Historic Preservation Commission is a semi-autonomous agency of City-County government, charged with the responsibility of designating and administering local Historic Areas, both districts and individual structures; promoting the preservation and re-use of historic structures; and offering technical assistance to Marion County residents and property owners. Indianapolis Historic Preservation Commission transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County subfund of the General Fund.

DIVISION OF COMPLIANCE

The Division of Compliance is responsible for enforcing zoning ordinances and building code compliance; issues permits; monitors construction activities; licenses contractors; and registers various trade contractors licensed by the State. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Department of Public Works

The Department of Public Works is responsible for the following: street and traffic signal maintenance, trash collection and disposal, flood control maintenance, collection and treatment of sewage, snow removal, air pollution control, and environmental remediation. The Department has three major divisions: Policy and Planning, Engineering, and Operations.

The Board of Public Works is the supervisory and policy making body of the Department of Public Works. The Board consists of seven members and meets twice per month. The Director of the Department of Public Works serves as the chair of the Board; three members are appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the

appointing authority. The Board reviews the Department budget, holds any hearings required by law, and approves the award of all contracts.

POLICY AND PLANNING DIVISION

Administrative Services

Administrative Services manages the administration for the entire Department. This includes financial and budget planning, asset management, contractual agreements, public information and the management of information systems. The Division also monitors the financial and technical aspects of the Indianapolis Resource Recovery Facility. Administrative transactions are accounted for in the Consolidated County subfund of the General Fund and the Federal Grants Special Revenue Fund. The Administrative Division has three main areas of responsibility:

1. *Business Services.* This section provides the necessary administrative functions for the Department in the areas of data management, and other administrative services.
2. *Financial Services.* This section provides purchasing, accounting and payroll services to all areas within the Department.
3. *Contract Services.* This section provides administrative support and review for service contracts with the Department. The day-to-day management of the contracts remains with the operational areas responsible for solid waste removal, mowing, sewer collection system, abandoned vehicles, and street sweeping.

The Division's general services include arranging and executing public meetings, media services, public speaking, departmental presentations, neighborhood coordination, budget preparation, contract administration, general accounting services, goods procurement, payroll management, data management and entry, property management, and personnel coordination and management. Transactions for this division are recorded in the Transportation subfund of the General Fund and State Grants Special Revenue Fund.

Strategic Planning

This section provides public access to the many programs administered by Engineering. This section disseminates information through the media, written publications, correspondence and by telephone on Engineering projects. This section also provides neighborhood services and citizens relations' services.

Customer Services

Customer Services is a section of the Policy and Planning division of the Department of Public Works. The division responds within three days to citizen complaints that are called into the Mayor's Action Center such as sanitary sewer back-ups, sewer odors, cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, graffiti, and sewer locates. Service requests are directed to the Township Coordinators who complete over 20,000 inspections per year. Customer Services also works closely with the Utility Companies and other City and County departments.

Environmental Services

The Environmental Resource Management division assures environmental protection for Indianapolis residents through industrial surveillance and permitting. Air quality, water and land pollution abatement and environmental remediation projects are managed under this division. The Division also separates the household hazardous collection program. In addition, it oversees the Industrial Pre-

treatment Program and the Air Pollution Control Board's Ordinance Enforcement and Regulatory authority. Transactions are accounted for in the Sanitation, Solid Waste Collection, Park and Consolidated County subfunds of the General Fund.

ENGINEERING DIVISION

Engineering plans, designs, constructs, reconstructs and maintains all streets, sewers, roads, bridges, and thoroughfares. The Department is also responsible for access control, traffic control and street lights on the same. Excluded from the Department's control are:

1. Interstate, U.S., and State routes under the jurisdiction of the Indiana Department of Transportation; and
2. Local streets within the other incorporated cities and towns within Marion County.

The Board of Public Works is the supervisory and policy making body of the Department of Public Works. The Board consists of seven members and meets twice per month. The Director of the Department of Public Works serves as the chair of the Board; three members are appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the appointing authority. The Board reviews the Department budget, holds any hearings required by law, and approves the award of all contracts.

This division's general services include development of programs and projects, inventories, transportation studies, design contract administration, service contract negotiation, construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies. Transactions for this division are recorded in the Transportation, Flood, Solid Waste Disposal, Sanitation and Stormwater Management subfunds of the General Fund.

Engineering Administration

This section provides the necessary planning, programming, inventory and studies to implement the department's programs to expand and protect the City's transportation and sanitation network.

Construction Services

This section provides the necessary project scope and design criteria and determines the project schedule. Consultant selection is also a primary task for this group. This section also provides the technical expertise to accomplish all design and construction contract management for the transportation and sanitation improvement and flood control projects. This section is responsible for supervising and administering all construction contracts for transportation network improvements.

Environmental Engineering

This section provides services including the development of programs and projects, inventories, studies, design contract administration and service contract negotiation related to the sanitary and drainage programs of the City. This also includes the review and approval of private development projects, and providing technical expertise to other divisions and agencies.

Transportation Engineering

This section provides services including the development of programs and projects, inventories, transportation studies, design contract administration and service contract negotiation related to the transportation programs of the City. This also includes construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies.

OPERATIONS DIVISION

Solid Waste Services

The Solid Waste Services Division is responsible for collecting trash from five of the twelve solid waste districts. The Division also monitors the financial and technical aspects of the resource recovery waste districts. Approximately 150,000 tons of trash is collected annually. Household refuse is disposed of at the Indianapolis Resource Recovery Facility where the waste is burned and steam is generated. The steam is sold to a local power company. The Solid Waste Management Division also monitors the financial and technical aspects of the resource recovery facility's operations. Other waste, such as construction debris, is taken to the Southside landfill. Other services of the Solid Waste Management include the removal of dead animal carcasses from the public right of way and operation of Drop-off Recycling programs. Division transactions are accounted for in the Solid Waste Collection and the Solid Waste Disposal subfunds of the General Fund.

Maintenance Services

The Maintenance Services Division has six main areas of responsibility:

1. *Traffic Operations.* Responsible for the implementation and operation of all traffic control features of the transportation network. Ensures traffic safety and guides' motorists throughout the City through signals, signs, and pavement markers.
2. *Street Maintenance.* Responsible for the maintenance of all roads, bridges and other transportation facilities under the City's jurisdiction. Also responsible for preventative maintenance and snow and ice removal on city streets.
3. *Grass & Weeds.* Responsible for mowing of levees, parkways and private weed enforcement lots.
4. *Customer Service.* Responsible for responding to citizen requests for service, through investigation and routing of work order to proper division.
5. *Building and Grounds.* Responsible for maintaining Department of Public Works' facilities and the Monon Trail.
6. *Parking Meter.* Responsible for collection of revenue, repair of parking meter equipment and administration of contracts.

The Division's general services include road and bridge maintenance and reconstruction, resurfacing, curb and sidewalk replacement and repair, street repair, weed control, mowing, road side drainage, shoulder maintenance, pavement joint maintenance, guard rail installation and repair, emergency maintenance functions (barricading and temporary repairs), snow and ice removal, litter pick-up in the downtown area, traffic signal installation, modernization and maintenance, pavement markings, and traffic sign manufacturing and installation. Transactions for this division are recorded in the Maintenance Operations subfund of the General Fund and the Parking Special Revenue Fund.

Water Management Services

This division also monitors the contracts for the operation of the City's two Advanced Wastewater Treatment Facilities. These facilities have the capability of processing 250 million gallons of wastewater per day. Transactions of the division are accounted for in the Sanitation, Consolidated County, Solid Waste Collection, Flood Control, Solid Waste Disposal, Park and Transportation subfunds of the General Fund.

Department of Public Safety

This Department maintains order and protects the rights and property of the citizens of Indianapolis. The Director retains responsibility for major policy decisions, budgeting, long-range planning and the day-to-day coordination of five departmental divisions: Police, Fire, Emergency Management Planning, Animal Care and Control, and Weights and Measures. The Director of the Department of Public Safety serves as the Mayor's appointee on many commissions and councils at the national, state and local levels in order to coordinate the activities of Public Safety Department divisions with various other state and local criminal justice agencies.

The Director appoints the Police and Fire Chiefs for the Consolidated City. The Director also supervises the hiring, promotion, affirmative action and discipline of all Department divisions with the advice and assistance of three statutory boards and several non-statutory citizen boards and committees. The statutory boards include a five-member Board of Public Safety, a six-member Police Merit Board and a six-member Fire Merit Board. Transactions for this division are recorded in the Consolidated County subfund of the General Fund.

The Board of Public Safety is composed of the Director of Public Safety and four other members, two of whom are appointed by the Mayor and two others by the City-County Council. Board members serve one-year terms at the pleasure of the Mayor or the Council.

The Board studies issues related to the Department of Public Safety, which the Director brings before the members; it also indicates areas requiring further study to the Director. The Board approves the award and amendment of contracts by the Department for purchase or lease of capital equipment or other property where the contract is required to be bid under IC 36-1-12. The Board also approves the employment of persons engaged by the Department to render professional or consulting services.

INDIANAPOLIS POLICE DEPARTMENT

This division is primarily responsible for maintaining order and protecting individual and property rights. The Indianapolis Police Department is charged with law enforcement duties, which include crime prevention, detection, arrest, and processing of offenders. The boundaries of the Police Special Service District generally coincide with those of the City as they were prior to the January 1, 1970 Consolidated Cities Act. Transactions are accounted for in the Police subfund of the General Fund, the Consolidated County subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

INDIANAPOLIS FIRE DEPARTMENT

This Division's services include fire prevention, fire fighting, and emergency rescue. The Division also administers immediate first-aid services, inspects buildings, investigates suspected cases of arson, gives fire and safety instruction, and provides fire and rescue training for other fire departments. The Division is funded from a special service district of the Consolidated City and coordinates fire protection with the Township and Volunteer Fire Departments of the District. Transactions are accounted for in the Fire subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

DIVISION OF EMERGENCY MANAGEMENT PLANNING

This Division functions as local Department of Homeland Security. It coordinates all government and non-government organizations that deal with emergency situations, and provides unique civil preparedness skills and capabilities not available under other organizations. Transactions are accounted for in the Consolidated County subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

ANIMAL CARE AND CONTROL DIVISION

This Division is responsible for protecting the public from injuries, property damage, and disease caused by stray animals. Transactions are accounted for in the Consolidated County subfund of the General Fund. The Division has the authority to capture, impound and destroy stray animals, including wildlife.

DIVISION OF WEIGHTS AND MEASURES

This Division is responsible for checking all weighing and measuring devices as required by the State Weights and Measures law. The Division checks scales and measuring devices and performs tests and calibrations. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Department of Parks and Recreation

This Department of Parks and Recreation (Indy Parks and Recreation) provides clear leadership and well-defined direction for enhancing the quality of life for Indianapolis and Marion County residents by offering park and recreation resources that 1) provide and/or facilitate quality recreation and leisure opportunities; 2) encourage and support natural and cultural resource stewardship and environmental education; 3) include safe, clean and well-maintained park facilities for the community's use and enjoyment; 4) promote and facilitate mutually beneficial countywide partnerships. Indy Parks' recreational opportunities exist at its 159 regional, community, neighborhood, nature, and other parks. The park system also includes 7 greenways trails, 16 conservation corridors, 22 aquatic centers, 13 golf courses, 424 sports fields and courts, and 121 playgrounds. City ordinances and state statutes are enforced by this department to protect public parklands and facility use. The Department organization includes Administration, Recreation and Leisure Services Division, Golf Division, Support Services Division and Greenways Division. Transactions for this Department are recorded in the Park subfund of the General Fund and the Federal and State Grant Special Revenue Funds.

ADMINISTRATION

Administration provides departmental level leadership, management, and oversight of the business operating elements. Primary responsibilities are broad and include management of land preservation, parks and greenways, family centers, aquatic centers,

recreation and sports programs, special events, and supporting partnerships and collaborations. The operating divisions receive policy, standards, and guidance from the Department's Director. Operating elements within Administration are community affairs, marketing and media relations, and financial management.

RECREATION AND LEISURE SERVICES DIVISION

The Recreation and Leisure Services Division directs the operations of the regional parks, neighborhood parks, community parks, and their combined programming efforts. Each community segment is the recipient of a variety of high quality recreational services through program offerings and partnerships with community groups. The division implements strategies and monitors efforts in assuring the success of departmental goals. Facilities supporting program offerings are extensive. Some of the facilities provided for recreational opportunities are natural and environmental areas, indoor and outdoor swimming pools, sports courts and fields, fitness courses, family centers, rinks, a conservatory, an amphitheater, a velodrome, a skate park, retreats, rental facilities, formal gardens, playgrounds and other general recreation areas.

GOLF DIVISION

The Golf Division provides high quality golf opportunities for people of all ages and physical ability throughout the Indianapolis community. This division manages municipal courses as well as plans and oversees capital improvements at each course. It manages course operating contracts, service contracts, and course management contracts. The division also conducts the Lee Elder Golf Program and Junior Tour, and coordinates activities within the Pro-100 program.

SUPPORT SERVICES

The Support Services Division houses the internal capability to maintain Indy Parks. Operating elements include asset management, beautification, forestry, grounds and facility maintenance, land improvement, natural resources, park planning, stewardship, and security. Additionally, this division manages construction and renovation of park properties and facilities.

GREENWAYS DIVISION

The Greenways Division manages, improves and maintains the 65 mile greenways system within Marion County to provide recreational and fitness opportunities; promotes open space conservation; links neighborhoods together and with other parks and other community assets; and provides environmental education for the public concerning the greenways system.

Indianapolis Housing Agency

The Indianapolis Housing Agency is responsible for the design, construction, maintenance, and management of decent and safe housing for low-income, elderly and disabled persons. The Agency receives its primary funding from the U.S. Department of Housing and Urban Development (HUD) and rents collected from residents. The Agency's transactions are accounted for as an Enterprise Fund to maintain autonomy from City-County tax revenues. Other funds are generated by the Comprehensive Improvement Assistance Program (Modernization) and Community Development Block Grants (CDBG) which also originate from HUD. In addition, this Agency operated a program to provide rental and utility assistance payments which were funded by HUD funds and accounted for in the Section 8 Housing Assistance Special Revenue Fund.

Department of Waterworks

On April 30, 2002 the City purchased the assets of the former Indianapolis Water Company. This purchase was financed through a \$580 million bond issue to be repaid with utility revenue. The Department of Waterworks was formed to oversee the operations and finance of the newly acquired water utility. There is a seven-member board of directors that oversee the operation of the Waterworks. The members of the board are appointed by the Mayor with three members being recommended by the majority leader of the City-County Council and three members by the minority leader of the City-County Council. The seventh member of the board is appointed by the Mayor to serve as the Secretary/Treasurer of the board and must be agreed to by the remaining six appointees.

The board of directors entered into a twenty-year management agreement with US Filter Operating Services for the day-to-day operations of the Waterworks. Water is provided to residential, commercial, and industrial users. The service area includes incorporated and unincorporated area in Marion, Boone, Hancock, and Hamilton counties as well as unincorporated areas of Hendricks and Morgan counties.

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Financial Section



2400 First Indiana Plaza
135 North Pennsylvania Street
Indianapolis, IN 46204-2452

Report of Independent Auditors

Ms. Katherine L. Davis, Controller and the Audit Committee
City of Indianapolis, Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indianapolis, Indiana (City), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the aggregate nonmajor governmental funds, the internal service fund type, and each fiduciary fund type of the City, as of and for the year ended December 31, 2002, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis Housing Agency, which represent 100 percent of the Housing Agency enterprise fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianapolis Housing Agency, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as of the aggregate nonmajor governmental funds, the internal service fund type, and each fiduciary fund type of the City of Indianapolis, Indiana, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, in 2002, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The management's discussion and analysis on pages 3 through 13, the budgetary comparison information and notes to required supplementary information on pages 75, 76 and 79 through 81, and the schedules of funding progress and employer contributions on pages 77 and 78 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules —other supplementary information on pages 83 through 137 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the budgetary basis financial statements which are unaudited, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the Introductory and the Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

KPMG LLP

July 11, 2003

Management's Discussion and Analysis

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

This section of the City of Indianapolis's (City) Comprehensive Annual Financial Report presents an analysis of the City's financial activities for the year ended December 31, 2002, based on currently known facts, decisions, and conditions. Due to this being the first year the current financial reporting model has been used, comparisons with the previous year are limited. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report along with the City's financial statements, including the footnotes that follow the basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's assets exceeded its liabilities at December 31, 2002 by \$1.1 billion. Included in this net asset amount is an \$112 million unrestricted deficit due mainly to an unfunded net pension obligation.
- Governmental activities had net assets of \$1.0 billion and business-type activities had net assets of \$49 million.
- On a government-wide basis, for 2002 the City's total expenses were \$821 million, or \$90 million more than the \$731 million generated in charges for services, grants, taxes, and other revenues. This was partly offset by a \$10 million special item (payment from United Airlines).
- As of December 31, 2002, the City's governmental funds reported combined ending fund balances of \$355 million. Of this amount, \$214 million was unreserved and available for spending at the City's discretion.
- The unreserved fund balance for the general fund was \$164 million or 40% of total general fund expenditures.
- The general fund revenues were \$9.8 million higher than original budget estimates.
- In 2002, the City issued \$226 million in debt to finance projects and refund debt. Outstanding bond debt of \$152 million was refunded. There was a net increase of \$7 million, or .9%, in bond debt for governmental activities during 2002.
- Effective April 30, 2002, the City purchased the assets of a water utility, financed by the issuance of \$580 million of revenue bonds. The Waterworks incurred a loss of \$3.5 million for its eight months of operations. This was not unanticipated. Included in the bond issue was \$15 million to cover a portion of the interest expense due in 2002.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the basic financial statements*.

Government-wide Financial Statements

The first set of financial statements are the government-wide statements which report information about the City as a whole using accounting methods similar to those used by private-sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets and how they have changed. In the government-wide statements, a distinction is made between governmental activities and business-type activities. Governmental activities are those normally associated with the operation of a government, such as public safety, parks, and streets. Business-type activities are those activities of the government that are designed to be self-supporting.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

The Statement of Activities presents information showing how the City's net assets changed during the year. All current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the City and the extent to which they are supported by charges for services, grants and contributions, taxes and investment income. The governmental activities of the City include: general government, public safety, public works, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City include waterworks and housing agency.

Fund Financial Statements

The second set of financial statements are fund financial statements, which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. The funds of the City can be divided into the following three categories: *governmental funds, proprietary funds, and fiduciary funds.*

1. *Governmental Funds.* Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, federal grants fund, revenue debt service fund, and sanitary district capital projects fund, which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements as supplementary information.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Waterworks Department and the Housing Agency.
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers' compensation and auto liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds and indemnities.
3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund and federal grants fund, and required supplementary information pertaining to the City's progress in funding its obligation to provide pension benefits to its employees.

Additional Supplementary Information

The combining statements provide subfund-level detail for the general fund and fund-level detail for all non-major governmental funds, internal service funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually-budgeted funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB No. 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Because this reporting model significantly changes both the recording and presentation of financial data, the City has not restated prior years for the purpose of providing comparative information for Management's Discussion and Analysis. In future years when prior year information is available, a comparative analysis of government-wide data will be included in this report.

Net assets. The City's combined net assets at December 31, 2002 were approximately \$1.1 billion. Looking at the net assets of governmental and business-type activities separately provides additional information.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

**City of Indianapolis, Indiana
Schedule of Net Assets
December 31, 2002
(dollars in thousands)**

	Governmental Activities 2002	Business-type Activities 2002	Total 2002
Assets:			
Current and other assets	\$ 513,195	\$ 388,843	\$ 902,038
Capital assets, net of accumulated depreciation	1,858,759	383,802	2,242,561
Total assets	<u>2,371,954</u>	<u>772,645</u>	<u>3,144,599</u>
Liabilities:			
Long-term liabilities outstanding	1,213,643	694,775	1,908,418
Other liabilities	119,081	29,001	148,082
Total liabilities	<u>1,332,724</u>	<u>723,776</u>	<u>2,056,500</u>
Net assets:			
Invested in capital assets, net of related debt	1,032,495	56,020	1,088,515
Restricted	111,455	-	111,455
Unrestricted (deficit)	<u>(104,720)</u>	<u>(7,151)</u>	<u>(111,871)</u>
Total net assets	<u>\$ 1,039,230</u>	<u>\$ 48,869</u>	<u>\$ 1,088,099</u>

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. The largest portion of the City's net assets reflects its investments of \$1.1 billion in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the City's total net assets is \$111million which represents resources that are subject to external restrictions on how they may be used.

All net assets generated by governmental activities are either externally restricted or invested in capital assets. Consequently, unrestricted governmental net assets showed a \$105 million deficit at the end of the year. This deficit does not mean the City does not have resources available to pay its bills. Rather, it is the result of having long-term commitments that are greater than currently available resources, mainly pensions for police and firefighters hired before May 1, 1977.

Unrestricted net assets of the business-type activities showed a \$7.2 million deficit at the end of the year. This deficit is caused by \$15 million of bond interest expense incurred during 2002, that was capitalized in the original bond issue.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

Changes in net assets. The City's total revenue on a government-wide basis for 2002 was \$731 million. Taxes represent 41% of the City's revenue. Another 29% came from fees charged for services and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues.

The total cost of all programs and services was \$821 million. The City's expenses cover a range of typical city/county services. The largest program and the program with the largest burden on general revenues was public safety.

**City of Indianapolis, Indiana
Schedule of Changes in Net Assets
For the Year Ended December 31, 2002
(dollars in thousands)**

	Governmental Activities 2002	Business-type Activities 2002	Total 2002
Revenues:			
Program revenues:			
Charges for services	\$ 131,890	\$ 78,062	\$ 209,952
Operating grants and contributions	117,370	49,267	166,637
Capital grants and contributions	9,633	9,078	18,711
General revenues:			
Property tax	205,673	-	205,673
Other taxes	93,639	-	93,639
Other general revenues	36,439	-	36,439
Total revenues	<u>594,644</u>	<u>136,407</u>	<u>731,051</u>
Expenses:			
General government	46,593	-	46,593
Public safety	281,958	-	281,958
Public works	231,270	-	231,270
Health and welfare	4,891	-	4,891
Culture and recreation	34,562	-	34,562
Urban redevelopment and housing	34,880	-	34,880
Economic development and assistance	8,478	-	8,478
Interest	44,322	-	44,322
Waterworks	-	79,661	79,661
Housing Agency	-	54,392	54,392
Total expenses	<u>686,954</u>	<u>134,053</u>	<u>821,007</u>
Excess (deficiency) before special item	<u>(92,310)</u>	<u>2,354</u>	<u>(89,956)</u>
Special item: payment from United Airlines	10,072	-	10,072
Increase (decrease) in net assets	<u>(82,238)</u>	<u>2,354</u>	<u>(79,884)</u>
Net assets - beginning of year	1,121,468	46,515	1,167,983
Net assets - end of year	<u>\$ 1,039,230</u>	<u>\$ 48,869</u>	<u>\$ 1,088,099</u>

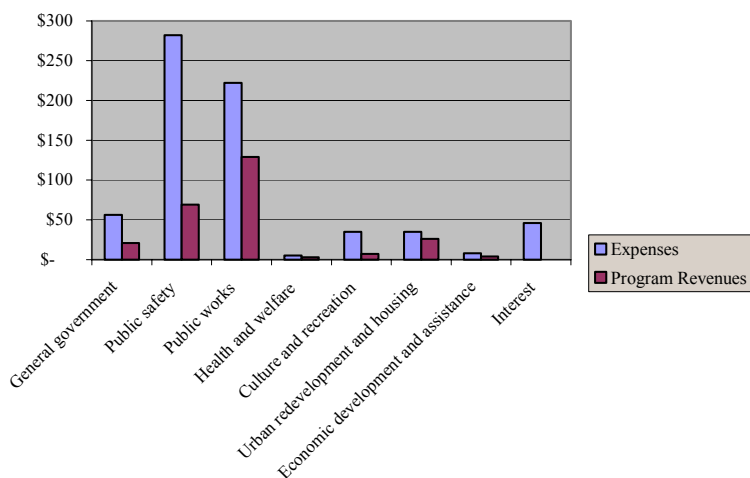
CITY OF INDIANAPOLIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2002

Governmental Activities. Governmental activities decreased the City's net assets by \$82 million. Since this was the first year for government-wide reporting, changes from last year to this year cannot be reported. However, key factors influencing this decrease were as follows:

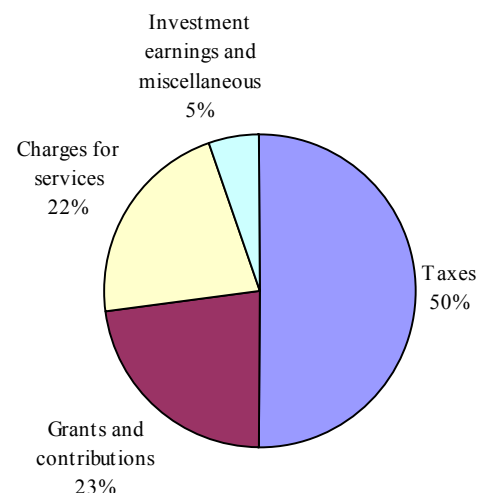
- The unfunded net pension obligation increased by \$38.5 million.
- Depreciation expense of \$134 million for 2002 exceeded capital expenditures by \$45 million.

The following charts provide comparisons of the City's governmental program revenues and expenses by function and revenues by source. As shown, public safety is the largest function in expense. General revenues such as property tax are not shown by program, but are included in the revenues by source chart to show their significance. Taxes are used to support program activities citywide.

**Expenses and Program Revenues -
Governmental Activities (in millions)**



Revenues by Source - Governmental Activities



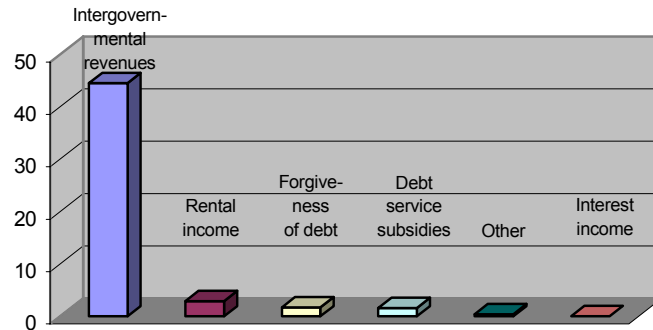
During 2002, the City received a \$10.1 million payment from United Airlines that has been reported as a special item. This payment was received due to United Airlines not meeting certain capital investment incentives as agreed to by United in a 1991 agreement.

Business-type activities. At the Housing Agency, operating revenues were \$3.3 million and operating expenses were \$53.9 million including depreciation of \$4.2 million. Nonoperating revenues included \$44.5 million of intergovernmental revenues, and \$12.4 million of capital contributions, debt service contributions and forgiveness of debt from HUD, the U.S. Department of Housing and Urban Development. Operating revenues from the Waterworks Department were from the sale of water of \$72.4 million and from billing services provided of \$2.4 million. In 2002, \$29.3 million was paid to a third party contractor to operate the system. Other operating expenses include payments in lieu of

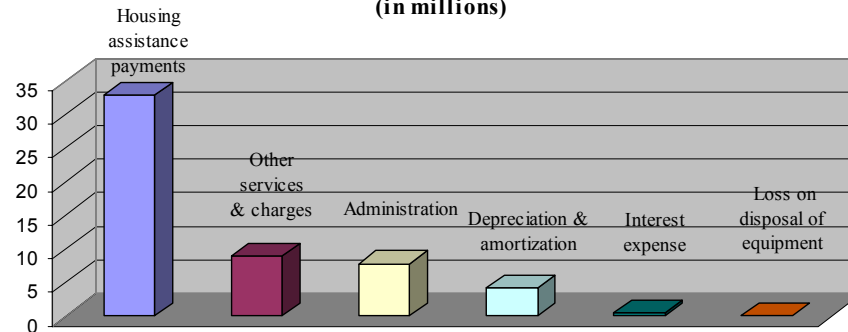
**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

property taxes, increases in the outstanding liability for postemployment benefits and other miscellaneous costs totaling \$14.1. Bad debt expense of \$3.7 million was also recorded.

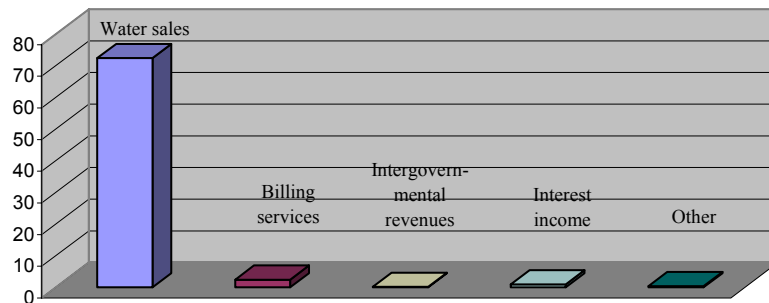
**Housing Agency Revenues
(in millions)**



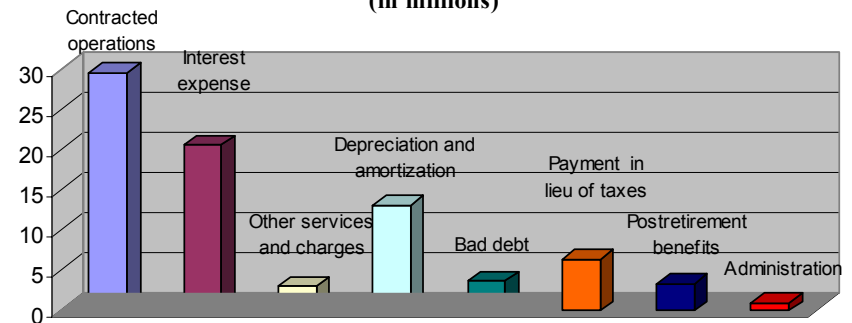
**Housing Agency Expenses
(in millions)**



**Waterworks Revenue
(in millions)**



**Waterworks Expense
(in millions)**



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on inflows and balances of resources that are available for spending. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

At December 31, 2002, the unreserved fund balance of the general fund was \$164 million, while the total general fund balance was \$200 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balances represents 39% of total general fund expenditures and transfers out of \$423 million, while total fund balance represents 47% of total general fund expenditures and transfers out. The fund balance in the City's general fund increased by \$1.4 million or .7% from the prior year fund balance.

The revenue debt service fund ended the year with a \$55.7 million fund balance reserved for debt service. The sanitary district capital projects fund ended the year with total fund balance of \$34.7 million, \$16.5 million of which was reserved for encumbrances. The federal grants fund ended the year with a negative unreserved fund balance of \$.7 million and a positive total fund balance of \$.3 million.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, the unrestricted net assets (deficit) was \$(7.3) million for the Waterworks Department and \$.1 million for the Housing Agency. The internal service funds, which are used to account for certain risk management governmental activities, had \$14.6 million in unrestricted net assets at year end.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for police and firefighters hired before May 1, 1977. As of the end of 2002, the net assets of these pension funds totaled \$27.8 million, representing a decrease of \$2.7 million in total net assets during the year.

The City is the custodian of certain agency funds and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets. As of the end of 2002, the combined gross assets of the agency funds totaled \$9.8 million. This amount is comprised of activity from the following agency funds: Barrett Law, Sanitation 15 Year Law, UAL Personal Property, E-911 Allocation, DPS Retiree Health Insurance, IPD Confiscated Cash, and other.

General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any additional supplemental appropriations during the year. It does not include encumbrances carried over from the prior year. In 2002, there were \$34.1 million of supplemental appropriations to the general fund. This appropriation consisted primarily of \$6.3 million for public safety, \$6.8 million for public works, \$2.0 million for cultural and recreation, and \$18.1 million for capital expenditures. These increases were funded with \$8.9 million of new revenues and the difference from fund balances.

Excluding prior year encumbrances, the original general fund budget for 2002 was \$355.2 million. The final general fund budget was \$389.3 million. Actual expenditures were \$370.5 million. Of the total underspending from the final budget, \$4.1 million was in public safety, \$5.3 million in public works and \$5.8 million in capital expenditures. General revenues and other resources were originally estimated at \$364.8 million, final estimated at \$373.7 million and the actual exceeded that by \$.9 million.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$2.2 billion in capital assets at December 31, 2002 (net of accumulated depreciation of \$2.9 billion), in a broad range of capital assets for governmental activities. This amount represents a net decrease for the current year (including additions and deductions) of \$39 million.

**City of Indianapolis, Indiana
Schedule of Capital Assets
Net of Depreciation
December 31, 2002
(dollars in thousands)**

	Governmental Activities	Business-type Activities	Total
	December 31, 2002	December 31, 2002	2002
Land	\$ 60,591	\$ 34,033	\$ 94,624
Construction in progress	203,207	12,751	215,958
Buildings	351,653	43,674	395,327
Improvements	87,661	—	87,661
Equipment	31,684	14,389	46,073
Infrastructure	1,123,963	278,955	1,402,918
Total	<u>\$ 1,858,759</u>	<u>\$ 383,802</u>	<u>2,242,561</u>

Major capital asset additions in 2002 included:

- \$14 million of additions to equipment for governmental activities, principally public safety vehicles.
- \$32 million of additions to infrastructure for governmental activities, principally streets, curbs, sidewalks, sewers and storm drains.
- \$41 million of net additions to construction in progress for governmental activities, principally street, drainage and combined sewer overflow projects.
- \$387 million in waterworks property, plant and equipment, mainly acquisition from the previous owner.

At December 31, 2002, the City had commitments related to ongoing capital asset construction projects of \$49,221.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

Long-Term Debt

At the end of 2002, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$1.2 billion compared to \$1.1 billion at December 31, 2001, as shown below.

**City of Indianapolis, Indiana
Schedule of Long-term Debt Obligations
(dollars in thousands)**

	December 31, 2001	December 31, 2002	% Change
Governmental activities:			
Serial bonds payable	\$ 283,617	\$ 269,120	(5.1) %
Tax increment bonds payable	425,922	431,602	1.3 %
Revenue bonds	82,620	98,427	19.1 %
Loss on refunding	—	(2,507)	N/A %
Deferred discounts	—	(161)	N/A %
Deferred premiums	—	19	N/A %
Long-term notes payable	52,789	94,086	78.2 %
Long-term leases payable	8,837	6,182	(30.0) %
Unfunded net pension obligation	257,725	296,227	14.9 %
Compensated absences	14,672	17,842	21.6 %
Settlement payable	—	2,806	N/A %
Total	<u>\$ 1,126,182</u>	<u>\$ 1,213,643</u>	<u>7.8 %</u>
Business-type activities:			
Housing Agency	\$ 13,499	\$ 12,137	(10.1) %
Waterworks	<u>—</u>	<u>682,638</u>	<u>N/A %</u>
Total	<u>\$ 13,499</u>	<u>\$ 694,775</u>	<u>5,046.9 %</u>

In December 2002, the City issued Redevelopment District tax increment bonds of \$129 million and \$29 million to refund bonds of \$125 million and \$27 million, respectively, as explained in the footnotes to the basic financial statements (footnotes).

During 2002, the City increased by approximately \$17 million the balances of outstanding draws against four Sanitary District revenue bond issues under the State of Indiana Wastewater Revolving Loan Program, as explained in the footnotes. In November 2002, the City issued Redevelopment District revenue bonds of \$3.7 million for street, sidewalk, water and sewer facilities, as explained in the footnotes.

The approximately \$41 million increase in long-term notes payable is due mainly to issuance of notes for vehicle purchases, with year-end balances of approximately \$14 million, and issuance of commercial paper notes for sanitary and storm water capital projects, with year-end balances of approximately \$22 million.

**CITY OF INDIANAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002**

The increase in unfunded net pension obligation reflects that the pay-as-you-go pension plan is not funded and continues to grow each year. The increase in compensated absences reflects increases in salaries and increases in the number of hours being carried forward.

The increase in long-term debt for business-type activities is due to the debt issued of \$580 million and assumed of \$39 million in the purchase of the Waterworks.

Bond ratings. Since 1998, the City's general obligation bonds have been rated AAA by all three bond rating agencies. The City's other debt, principally revenue bonds and notes, have been insured to attain a rating of AAA.

Limitations on debt. The state limits the amount of general obligation debt the City can issue to varying percents of assessed value, by taxing district, as shown in the statistical section. The City's outstanding debt is well below the limit in each case.

ECONOMIC FACTORS AND THE 2003 BUDGET

- The 2003 original budget for all annually-budgeted funds, except revenue debt service funds, was \$553 million. Revisions of \$19.2 million have been made through June 2003.
- The 2003 general fund original budget was \$379.7 million, an increase of 6.9% over the 2002 original general fund budget of \$355.2 million. Revisions of \$12.9 million have been made through June 2003.
- The City appropriated \$7 million from the unreserved general fund balance at December 31, 2002 for spending in fiscal year 2003.
- The City expects changes in real estate property tax revenue for 2003 as a result of changes in the assessment procedures, the effect of which is uncertain.
- The City's unemployment rate decreased from 4.6% for May 2002 to 4.5% for May 2003. This compares with the state's rate decreasing from 5.2% to 4.9% and the national rate increasing from 5.8% to 6.1%.
- The City expects to continue to face increasing pension costs for its Police and Firefighters Pension Plans.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the City of Indianapolis Controller's Office, 200 East Washington Street, Suite 2222, Indianapolis, Indiana 46204.

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Basic Financial Statements

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 44,958	\$ 6,848	\$ 51,806
Cash and investments with fiscal agents	117,993	156	118,149
Investments	275,005	32,895	307,900
Accrued interest receivable	1,717	228	1,945
Property taxes receivable	8,644	—	8,644
Accounts receivable, less allowance for uncollectibles	43,413	9,743	53,156
Due from federal and state governments	13,233	2,105	15,338
Inventories	—	325	325
Other	—	497	497
Long-term receivables, less allowance for uncollectibles	989	500	1,489
Restricted assets	—	36,302	36,302
Deferred bond and note issuance costs	2,871	20,273	23,144
Net pension asset	4,372	—	4,372
Deferred charges	—	2,117	2,117
Intangible assets, net of accumulated amortization	—	240,917	240,917
Deferred charge - postretirement benefits	—	35,937	35,937
Capital assets:			
Land	60,591	34,033	94,624
Infrastructure, net of accumulated depreciation	1,123,963	278,955	1,402,918
Other capital assets, net of accumulated depreciation	470,998	58,063	529,061
Construction in progress	203,207	12,751	215,958
Total assets	<u>\$ 2,371,954</u>	<u>\$ 772,645</u>	<u>\$ 3,144,599</u>

(Continued)

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable and other current liabilities	\$ 67,352	\$ 17,254	\$ 84,606
Matured bonds and interest payable	30,841	—	30,841
Accrued interest payable	5,485	982	6,467
Unearned revenue	15,403	—	15,403
Customer deposits	—	1,745	1,745
Payments in lieu of taxes	—	9,020	9,020
Long-term liabilities:			
Due within one year	22,298	2,033	24,331
Due in more than one year	1,191,345	692,742	1,884,087
Total liabilities	<u>1,332,724</u>	<u>723,776</u>	<u>2,056,500</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,032,495	56,020	1,088,515
Restricted for:			
Capital projects	28,326	—	28,326
Debt service	78,850	—	78,850
Other purposes	3,958	—	3,958
Other purposes - nonexpendable	321	—	321
Unrestricted (deficit)	(104,720)	(7,151)	(111,871)
Total net assets	<u>\$ 1,039,230</u>	<u>\$ 48,869</u>	<u>\$ 1,088,099</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS

Statement of Activities

For the Year Ended December 31, 2002

(In Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 46,593	\$ 11,723	\$ 9,438	\$ —	\$ (25,432)	\$ —	\$ (25,432)
Public safety	281,958	23,394	44,461	1,472	(212,631)	—	(212,631)
Public works	231,270	87,077	33,514	7,988	(102,691)	—	(102,691)
Health and welfare	4,891	827	2,037	173	(1,854)	—	(1,854)
Cultural and recreation	34,562	5,028	1,740	—	(27,794)	—	(27,794)
Urban redevelopment and housing	34,880	3,221	23,141	—	(8,518)	—	(8,518)
Economic development and assistance	8,478	620	3,039	—	(4,819)	—	(4,819)
Interest	44,322	—	—	—	(44,322)	—	(44,322)
Total governmental activities	<u>686,954</u>	<u>131,890</u>	<u>117,370</u>	<u>9,633</u>	<u>(428,061)</u>	<u>—</u>	<u>(428,061)</u>
Business-type activities:							
Waterworks	79,661	74,779	1,406	—	—	(3,476)	(3,476)
Housing Agency	54,392	3,283	47,861	9,078	—	5,830	5,830
Total business-type activities	<u>134,053</u>	<u>78,062</u>	<u>49,267</u>	<u>9,078</u>	<u>—</u>	<u>2,354</u>	<u>2,354</u>
Total	<u>\$ 821,007</u>	<u>\$ 209,952</u>	<u>\$ 166,637</u>	<u>\$ 18,711</u>	<u>(428,061)</u>	<u>2,354</u>	<u>(425,707)</u>
General revenues:							
Taxes:							
Property tax					205,673	—	205,673
Wheel tax					13,261	—	13,261
County option income tax					59,527	—	59,527
Other taxes					20,851	—	20,851
Grants and contributions not restricted by function					8,727	—	8,727
Investment earnings not restricted by function					24,625	—	24,625
Miscellaneous					3,087	—	3,087
Special item - Payment from United Airlines					10,072	—	10,072
Total general revenues and special item					<u>345,823</u>	<u>—</u>	<u>345,823</u>
Change in net assets					(82,238)	2,354	(79,884)
Net assets - beginning					1,121,468	46,515	1,167,983
Net assets - ending					<u>\$ 1,039,230</u>	<u>\$ 48,869</u>	<u>\$ 1,088,099</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Balance Sheet - Governmental Funds

December 31, 2002

(In Thousands)

	General	Federal Grants	Revenue Debt Service	Sanitary District Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash	\$ 25,227	\$ —	\$ 1,111	\$ 2,663	\$ 13,747	\$ 42,748
Cash and investments with fiscal agents	7,804	592	61,735	13,206	34,621	117,958
Investments	186,069	—	8,280	20,072	44,159	258,580
Accrued interest receivable	1,232	10	20	61	290	1,613
Property taxes receivable	5,958	—	1,156	—	1,530	8,644
Accounts receivable, less allowance of \$6,506	35,707	51	33	2,017	5,599	43,407
Due from federal and state governments	448	12,618	—	—	167	13,233
Due from other funds	121	76	—	—	—	197
Long-term receivables, less allowance of \$14,284	—	989	—	—	—	989
Total assets	<u>\$ 262,566</u>	<u>\$ 14,336</u>	<u>\$ 72,335</u>	<u>\$ 38,019</u>	<u>\$ 100,113</u>	<u>\$ 487,369</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Matured bonds payable	\$ —	\$ —	\$ 4,266	\$ —	\$ 17,205	\$ 21,471
Matured interest payable	—	—	1,809	—	7,561	9,370
Accounts payable and other accrued liabilities	23,154	6,832	9,361	3,329	4,264	46,940
Accrued payroll and payroll taxes	16,109	95	—	—	6	16,210
Due to other funds	76	121	—	—	—	197
Deferred revenue	23,411	7,032	1,156	—	6,106	37,705
Total liabilities	<u>62,750</u>	<u>14,080</u>	<u>16,592</u>	<u>3,329</u>	<u>35,142</u>	<u>131,893</u>
Fund balances:						
Reserved for:						
Long-term receivables	—	971	—	—	—	971
Encumbrances	35,745	—	—	16,479	12,538	64,762
Debt service	—	—	55,743	—	19,715	75,458
Unreserved, reported in:						
General fund	164,071	—	—	—	—	164,071
Special revenue funds	—	(715)	—	—	2,526	1,811
Capital project funds	—	—	—	18,211	29,871	48,082
Permanent fund	—	—	—	—	321	321
Total fund balances	<u>199,816</u>	<u>256</u>	<u>55,743</u>	<u>34,690</u>	<u>64,971</u>	<u>355,476</u>
Total liabilities and fund balances	<u>\$ 262,566</u>	<u>\$ 14,336</u>	<u>\$ 72,335</u>	<u>\$ 38,019</u>	<u>\$ 100,113</u>	<u>\$ 487,369</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Reconciliation of the Balance Sheet for Governmental Funds
To the Statement of Net Assets

December 31, 2002

(In Thousands)

Amounts reported for governmental activities in the statement of net assets (page 17) are different because:

Fund balances - total governmental funds (page 23)	\$ 355,476
Capital assets not reported in the funds statements	1,858,759
Net assets of internal service funds	14,578
Long-term liabilities not in the funds statements	(1,213,643)
Deferred revenues in funds statements not in the statement of net assets	22,302
Net pension asset not recorded in the funds statements	4,372
Deferred bond and note issuance costs not in the funds statements	2,871
Accrued interest payable not in the funds statements	(5,485)
Net assets of governmental activities (page 16)	<u><u>\$ 1,039,230</u></u>

CITY OF INDIANAPOLIS

Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

Year ended December 31, 2002

(In Thousands)

	General	Federal Grants	Revenue Debt Service	Sanitary District Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 216,930	\$ —	\$ 33,910	\$ —	\$ 46,146	\$ 296,986
Licenses and permits	7,997	—	—	—	—	7,997
Charges for services	105,215	—	433	—	2,198	107,846
Intergovernmental revenues	70,769	43,058	—	—	13,582	127,409
Intragovernmental revenues	1,991	—	—	—	—	1,991
Traffic violations and court fees	2,487	600	—	—	1,688	4,775
Interest and other operating revenues	9,231	—	18,101	6,255	4,928	38,515
Total revenues	<u>414,620</u>	<u>43,658</u>	<u>52,444</u>	<u>6,255</u>	<u>68,542</u>	<u>585,519</u>
Expenditures:						
Current:						
General government	28,924	69	—	—	243	29,236
Public safety	202,822	7,301	—	—	448	210,571
Public works	107,784	110	—	—	10,020	117,914
Health and welfare	3,121	1,511	—	—	57	4,689
Cultural and recreation	25,376	439	—	—	396	26,211
Urban redevelopment and housing	5,154	24,242	—	—	—	29,396
Economic development and assistance	1,702	4,689	—	—	235	6,626
Debt service:						
Redemption of bonds and notes	999	300	6,561	—	20,028	27,888
Interest on bonds and notes	361	162	23,130	—	15,184	38,837
Bond and note issuance costs	—	—	2,335	296	256	2,887
Operating lease payments and administration	—	—	508	—	16,506	17,014
Capital outlays	<u>31,739</u>	<u>7,678</u>	<u>—</u>	<u>21,617</u>	<u>54,915</u>	<u>115,949</u>
Total expenditures	<u>407,982</u>	<u>46,501</u>	<u>32,534</u>	<u>21,913</u>	<u>118,288</u>	<u>627,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,638</u>	<u>\$ (2,843)</u>	<u>\$ 19,910</u>	<u>\$ (15,658)</u>	<u>\$ (49,746)</u>	<u>\$ (41,699)</u>

(Continued)

CITY OF INDIANAPOLIS

Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

Year ended December 31, 2002

(In Thousands)

	General	Federal Grants	Revenue Debt Service	Sanitary District Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources and (uses):						
Bonds and notes issued	\$ —	\$ —	\$ —	\$ 33,297	\$ 34,305	\$ 67,602
Proceeds of refunding bonds	—	—	158,850	—	—	158,850
Payment to refunded bond escrow agent	—	—	(152,335)	—	—	(152,335)
Premium on bonds and notes issued	—	—	19	—	—	19
Discount on bonds and notes issued	—	—	(161)	—	—	(161)
Transfers in	2,165	215	6,668	1,200	23,850	34,098
Transfers out	(17,494)	(405)	(2,545)	(6,400)	(7,254)	(34,098)
Total other financing sources and uses	(15,329)	(190)	10,496	28,097	50,901	73,975
Special and extraordinary items:						
Special item	10,072	—	—	—	—	10,072
Net change in fund balances	1,381	(3,033)	30,406	12,439	1,155	42,348
Fund balances at beginning of year	198,435	3,289	25,337	22,251	63,816	313,128
Fund balances at end of year	\$ 199,816	\$ 256	\$ 55,743	\$ 34,690	\$ 64,971	\$ 355,476

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities***Year ended December 31, 2002**(In Thousands)*

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances - total governmental funds (page 20)	\$ 42,348
Depreciation expense reported in the statement of activities but not in the funds statements	(134,114)
Capital expenditures reported in the funds statements but reported as additions to capital assets in the statement of activities	88,903
Donations of capital assets not recorded in the funds statements	6,812
Loss on disposal of capital assets not recorded in the funds statements	(273)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds statements	22,302
Bond and notes issued net reported as financing sources in the funds statements but as additions to long-term liabilities in the statement of activities	(226,310)
Bond and note principal payments reported as expenditures in the funds statements but as reductions of long-term liabilities in the statement of activities	180,223
Net revenue of internal service funds reported with governmental activities	2,948
Revenues in the funds statements but not in current year statement of activities in current period due to the current financial resources focus of the governmental funds	(20,800)
Increase in compensated absences not in the funds statements	(3,170)
Increase in net pension asset	144
Long-term debt for Environmental Protection Agency (EPA) settlement not recorded in the funds statements	(2,806)
Increase in bonds payable from capital appreciation bond accrued interest	(2,058)
Deferred bond and note issuance cost, net of amortization of \$16, and deferred call premium on current refunding, no amortization applicable to 2002	5,378
Capital lease payments reported as expenditures in the funds statements but as reduction of debt in the government-wide statements	2,655
Accrued interest on bonds through December 31, 2002 reported as expenses in the government-wide statements but not the fund statements	(5,485)
Accrued interest on bonds due February 2002 that were accrued at December 31, 2001	(433)
Increase in net pension obligation	<u>(38,502)</u>
Change in net assets of governmental activities (page 16)	<u><u>\$ (82,238)</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds

December 31, 2002

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Works	Housing Agency	Total	
ASSETS				
Current assets:				
Equity in pooled cash	\$ 5,395	\$ 1,453	\$ 6,848	\$ 2,210
Cash and investments with fiscal agent	156	—	156	35
Investments	32,895	—	32,895	16,425
Accrued interest receivable	228	—	228	104
Accounts receivable, net of allowance for uncollectibles	9,661	82	9,743	6
Due from federal and state governments	—	2,105	2,105	—
Inventory	—	325	325	—
Other	115	382	497	—
Total current assets	48,450	4,347	52,797	18,780
Noncurrent assets:				
Long-term receivables	—	500	500	—
Restricted cash	35,303	999	36,302	—
Deferred charges	2,117	—	2,117	—
Intangible assets, net of accumulated amortization	240,917	—	240,917	—
Bond issuance cost	20,273	—	20,273	—
Deferred charge - postretirement benefits	35,937	—	35,937	—
Capital assets:				
Land	16,757	17,276	34,033	—
Infrastructure, net of accumulated depreciation	278,955	—	278,955	—
Other capital assets, net of accumulated depreciation	12,241	45,822	58,063	—
Construction in progress	12,128	623	12,751	—
Total assets	\$ 703,078	\$ 69,567	\$ 772,645	\$ 18,780

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds
December 31, 2002
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Works</u>	<u>Housing Agency</u>	<u>Total</u>	
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 12,247	\$ 4,534	\$ 16,781	\$ 4,202
Accrued payroll and payroll taxes	9	464	473	—
Customer deposits	1,745	—	1,745	—
Leases payable, current portion	50	384	434	—
Interest payable	895	87	982	—
Short-term notes payable	252	150	402	—
Payments in lieu of taxes	9,020	—	9,020	—
Revenue bonds payable	—	1,197	1,197	—
Total current liabilities	<u>24,218</u>	<u>6,816</u>	<u>31,034</u>	<u>4,202</u>
Noncurrent liabilities:				
Compensated absences payable	—	378	378	—
Long-term notes payable	1,338	753	2,091	—
Lease payable, long-term portion	19	1,669	1,688	—
Customer advances	15,576	—	15,576	—
Accumulated postretirement benefit obligation	46,103	—	46,103	—
Revenue bonds payable	<u>619,300</u>	<u>7,606</u>	<u>626,906</u>	<u>—</u>
Total liabilities	<u>706,554</u>	<u>17,222</u>	<u>723,776</u>	<u>4,202</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,823	52,197	56,020	—
Unrestricted	<u>(7,299)</u>	<u>148</u>	<u>(7,151)</u>	<u>14,578</u>
Total net assets	<u>\$ (3,476)</u>	<u>\$ 52,345</u>	<u>\$ 48,869</u>	<u>\$ 14,578</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended December 31, 2002
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Works	Housing Agency	Total Enterprise Funds	
Operating revenues:				
Water sales pledged as security for revenue bonds	\$ 72,379	\$ —	\$ 72,379	\$ —
Billing services	2,400	—	2,400	—
Rental income	—	2,904	2,904	—
Charges to other funds	—	—	—	3,431
Other	—	379	379	—
Total operating revenues	<u>74,779</u>	<u>3,283</u>	<u>78,062</u>	<u>3,431</u>
Operating expenses:				
Contracted operations	29,338	—	29,338	—
Housing assistance payments	—	32,884	32,884	—
Payments in lieu of taxes	6,355	—	6,355	—
Postretirement benefits	3,332	—	3,332	—
Other services and charges	2,934	8,977	11,911	—
Claims	—	—	—	977
Bad debt expense	3,700	—	3,700	—
Administration	968	7,777	8,745	96
Depreciation and amortization	12,549	4,219	16,768	—
Total operating expenses	<u>59,176</u>	<u>53,857</u>	<u>113,033</u>	<u>1,073</u>
Operating income (loss)	<u>15,603</u>	<u>(50,574)</u>	<u>(34,971)</u>	<u>2,358</u>
Nonoperating revenues (expenses):				
Intergovernmental	115	44,507	44,622	—
Debt service subsidies	—	1,605	1,605	—
Interest income	918	31	949	590
Interest expense	(20,485)	(483)	(20,968)	—
Loss on disposal of capital assets	—	(52)	(52)	—
Forgiveness of revenue bonds	—	1,718	1,718	—
Other	373	—	373	—
Total nonoperating revenues (expenses)	<u>(19,079)</u>	<u>47,326</u>	<u>28,247</u>	<u>590</u>
Income (loss) before contributions	<u>(3,476)</u>	<u>(3,248)</u>	<u>(6,724)</u>	<u>2,948</u>
Capital contributions	—	9,078	9,078	—
Changes in net assets	(3,476)	5,830	2,354	2,948
Total net assets - beginning	—	46,515	46,515	11,630
Total net assets - ending	<u>\$ (3,476)</u>	<u>\$ 52,345</u>	<u>\$ 48,869</u>	<u>\$ 14,578</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds

Year ended December 31, 2002

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Water	Housing	Total	Activities -
	Works	Agency	Enterprise	Internal
			Funds	Service Funds
Cash flows from operating activities:				
Rental receipts	\$ —	\$ 2,896	\$ 2,896	\$ —
Receipts from users	—	—	—	3,625
Other operating receipts	2,400	380	2,780	—
Receipts from water sales	68,544	—	68,544	—
Receipts from interfund services provided	476	—	476	—
Cash payments to employees	106	(8,962)	(8,856)	—
Cash payments to suppliers of goods and services	(20,896)	(7,189)	(28,085)	(2,711)
Housing assistance payments	—	(32,447)	(32,447)	—
Payments in lieu of taxes	(5,413)	—	(5,413)	—
Payments for postretirement benefits	(714)	—	(714)	—
Tenant security and other deposits	(35,303)	37	(35,266)	—
Net cash provided by (used in) operating activities	9,200	(45,285)	(36,085)	914
Cash flows from non-capital financing activities:				
Intergovernmental revenues received	—	43,039	43,039	—
Net cash provided by non-capital financing activities	—	43,039	43,039	—
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(12,925)	(8,159)	(21,084)	—
Proceeds from sale of capital assets	4,000	—	4,000	—
Capital contributions	—	9,078	9,078	—
Proceeds from issuance of debt	580,370	—	580,370	—
Principal payments on capital debt	(220)	(1,143)	(1,363)	—
Assumed liabilities paid off with debt issued	(120,606)	—	(120,606)	—
Interest paid on capital debt	(21,047)	(463)	(21,510)	—
Payments on notes payable	(252)	—	(252)	—
Payments on capital leases	(37)	(260)	(297)	—
Proceeds of borrowing on capital lease	—	174	174	—
Debt issuance costs paid	(20,734)	—	(20,734)	—
Net cash provided by (used in) capital and related financing activities	408,549	(773)	407,776	—

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds

Year ended December 31, 2002

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Works	Housing Agency	Total Enterprise Funds	
Cash flows from investing activities:				
Acquisition, net of cash acquired	(379,993)	—	(379,993)	—
Investment purchases	(32,895)	—	(32,895)	(2,320)
Interest on investments	690	32	722	631
Net cash provided by (used in) investing activities	(412,198)	32	(32,173)	(1,689)
Net increase (decrease) in cash and cash equivalents	5,551	(2,987)	382,557	(775)
Cash and cash equivalents, beginning of year	—	4,440	4,440	3,020
Cash and cash equivalents, end of year	<u>\$ 5,551</u>	<u>\$ 1,453</u>	<u>\$ 386,997</u>	<u>\$ 2,245</u>
Reconciliation of operating income or (loss) to net cash provided by operating activities:				
Operating income or (loss)	\$ 15,603	\$ (50,574)	\$ (34,971)	\$ 2,358
Adjustments to reconcile operating income or (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	12,549	4,219	16,768	—
Amortization of bond issuance costs	461	—	461	—
Provision for uncollectible accounts	2,846	167	3,013	—
Gain on sale of capital assets	(230)	—	(230)	—
Change in assets and liabilities, excluding effects of acquisition:				
Accounts receivable	(507)	30	(477)	303
Inventory	—	(61)	(61)	—
Other assets	(115)	(227)	(342)	—
Restricted cash	(25,137)	(38)	(25,175)	—
Deferred charges	142	—	142	—
Accounts payable	1,911	1,349	3,260	(1,747)
FSS escrow	—	38	38	—
Accrued payroll and payroll taxes	9	(176)	(167)	—
Accrued compensated absences	—	(12)	(12)	—

(Continued)

CITY OF INDIANAPOLIS
Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2002

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Works	Housing Agency	Total Enterprise Funds	
Payments in lieu of taxes	942	—	942	—
Customer advances	(1,789)	—	(1,789)	—
Unfunded postretirement benefit obligation	2,515	—	2,515	—
Net cash provided by (used in) operating activities	<u>\$ 9,200</u>	<u>\$ (45,285)</u>	<u>\$ (36,085)</u>	<u>\$ 914</u>
Supplemental cash flows information:				
Details of acquisition:				
Fair value of assets	\$ 602,997	\$ —	602,997	\$ —
Liabilities assumed	222,897	—	222,897	—
Cash paid	380,100	—	380,100	—
Less cash acquired	107	—	107	—
Net cash paid for acquisition	<u>\$ 379,993</u>	<u>\$ —</u>	<u>\$ 379,993</u>	<u>\$ —</u>
Non-cash transactions:				
Forgiveness of debt	\$ —	\$ 1,718	\$ 1,718	\$ —
Debt financed property acquisitions	—	2,190	2,190	—

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Fiduciary Net Assets

December 31, 2002

(In Thousands)

	Police and Fire Pension Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash	\$ 2,964	\$ 6,585
Cash and investments with fiscal agents	—	32
Investments	21,794	2,804
Accrued interest receivable	200	27
Accounts receivable	3,363	364
Total assets	28,321	\$ 9,812
LIABILITIES		
Accounts payable and other accrued liabilities	558	\$ 9,812
Total liabilities	558	\$ 9,812
NET ASSETS		
Held in trust for pension benefits	\$ 27,763	

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2002
(In Thousands)

	Police and Fire Pension Trust Funds
ADDITIONS	
State of Indiana pension subsidy	\$ 27,033
Other	618
Unrealized gain on investments, net	128
	<u>27,779</u>
Contributions	
Employer	27,561
Plan members	313
	<u>27,874</u>
Total additions	<u>55,653</u>
DEDUCTIONS	
Benefits	58,285
Administrative expense	23
	<u>58,308</u>
Total deductions	<u>58,308</u>
Change in plan net assets	(2,655)
Net assets - beginning	<u>30,418</u>
Net assets - ending	<u><u>\$ 27,763</u></u>

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis (City), located in Marion County, Indiana was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act adopted by the 1969 Indiana General Assembly, and the County were unified ("Consolidated City"). Their form of service delivery was consolidated and certain of the City's service boundaries were extended to generally coincide with those of the County. Four other municipalities located within the County boundaries are specifically excluded from most functions of the consolidated City by the consolidating act.

The City operates under an elected Mayor/Council (29 members) form of government and provides the following services: public safety (police and fire), culture and recreation, community development and welfare (including planning and zoning), highways and streets, environmental service (sanitary solid waste collection and disposal, sewerage and wastewater treatment), water delivery systems, and general administrative services. In addition, the City has responsibility over the operations of the public housing facilities, although the financial and operating records are maintained outside of the City's financial reporting systems.

The City's financial reporting entity has been determined in accordance with governmental accounting standards defining the reporting entity and identifying entities to be included in its basic financial statements. This includes a blended component unit. Although they are legally separate entities, they are in substance, part of the City's operations and so data from this unit is combined with the data of the City of Indianapolis. The Indianapolis Housing Agency (Enterprise Fund) ("Agency") has established a non-profit entity known as the Partners for Affordable Housing, Inc. (the "Corporation") which is legally separate from the Agency. The Corporation formed a wholly owned subsidiary, known as Concord Homes, Inc. (Concord Homes) an Indiana nonprofit corporation, pursuant to the provisions of the Indiana Nonprofit Corporation Act, as amended. The results of this component unit are blended in the activity of the enterprise fund.

For financial reporting purposes the City of Indianapolis is considered to be a component unit of the Consolidated City of Indianapolis-Marion County Reporting Entity (unified government commonly referred to as "Unigov"), as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The elected officials, the Mayor and the City-County Council (Council), serve as the executive and legislative body, respectively, for both the City and the County. The City is considered a legally separate organization for which its elected officials are financially accountable. This accountability is evidenced by the elected officials' ability to: (a) approve the budget of the City; (b) veto, override or modify the budget; and, (c) establish tax levies. Additionally, the Mayor appoints the City's deputy mayors and the City's department directors subject to the approval of the Council, and also appoints the City Controller and Corporation Counsel. Other agencies included in the Consolidated City of Indianapolis—Marion County Comprehensive Annual Report, but not in the City's financial statements, include: Marion County ("County"), the Health and Hospital Corporation of Marion County, Indianapolis Airport Authority, Indianapolis Public Transportation Corporation, Indianapolis-Marion County Public Library, and Capital Improvement Board of Managers. In addition, the Indianapolis-Marion County Building Authority is considered a joint venture of the City and the County and is not included in the City's financial statements.

The City has no discretely presented component units (separate presentation within the financial statements) under current financial reporting requirements. However, as explained in footnote R, the City is in the process of determining whether there are other organizations that should be considered component units (whether blended or discretely presented) of the City for its 2004 financial statements, under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and the rates are certified in the subsequent year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this basis of accounting, revenues are recognized as they become susceptible to accrual; generally, as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, including taxes other than property taxes, the City considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants and interest on investments. Bond and notes issued are recorded as other financing sources, along with any related premium or discounts.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- 1) Debt service fund bond principal and interest expenditures due through January 15 are recorded on the preceding December 31.
- 2) Prepaid expenditures are not recorded as an asset in the fund financial statements.

All proprietary funds and pension trust funds are accounted for using the same measurement focus and basis of accounting as the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred except as to the accounting for certain pension costs as explained in Note 16.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for and reported similar to the governmental funds.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *federal grants fund* accounts for all grants received from the U.S. Departments of Housing and Urban Development, Justice, Transportation, Defense and other miscellaneous Federal agencies.

The *revenue debt service fund* accounts for the resources accumulated and payments made for principal and interest on debt of the Tax Increment District and on debt issued for construction of certain City golf courses.

The *sanitary district capital projects fund* accounts for all the resources accumulated and payments made for construction of sanitary sewers and the advanced wastewater treatment plant.

The City reports the following major enterprise funds:

The *waterworks enterprise fund* accounts for the activities of the government's water distribution operations. See Note 2 for information on the City's acquisition of the Waterworks in 2002.

The *housing agency enterprise fund* accounts for activities related to the development, acquisition and administration of low-rent housing units.

Additionally, the City reports the following fund types:

Internal service funds account for the accumulation of resources to provide for the financing of workers' compensation and auto liability self-insurance for all City departments, as well as provide for the centralization of certain payments of awards, refunds and indemnities.

Fiduciary funds are classified into sub-groupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Agency Funds are custodial in nature (assets equal liabilities). Pension Trust Funds are those funds held in trust for disbursement to covered employees (see Note 16).

In the government-wide and proprietary fund financial statements, the City applies all applicable GASB pronouncements as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the City's water function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all local taxes. State shared revenues, such as cigarette tax, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline tax, in which case they are reported as operating grants and contributions.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the housing agency enterprise fund, of the waterworks enterprise fund, and of the government's internal service funds are charges to customers for rents, sales, and services. Operating expenses for enterprise funds and internal service funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Effects of Rate Regulation

The City has elected for the Waterworks to continue to be rate-regulated by the Indiana Utility Regulatory Commission ("IURC"), and their accounting policies, which are consistent with accounting principles generally accepted in the United States of America, are governed by the IURC. Therefore, the Waterworks follows the accounting and reporting requirements of Statement of Financial Accounting Standards Statement No. 71, *Accounting for the Effects of Certain Types of Regulation* ("SFAS No. 71"). SFAS No. 71 provides that rate-regulated entities account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the statement of net assets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. There are no such deferred costs at December 31, 2002. Additionally, there are certain items which the IURC does not typically consider in establishing rates such as acquisition adjustment and amortization of intangible assets. See Note 14 regarding contingencies related to these regulatory assets and liabilities.

E. Cash and Investments

Investments are stated at fair value. Fair values for investments are determined by closing market prices at year end as reported by the investment custodian. When funds pool cash for investments, income from the pooled investments is allocated to the funds based on the participating fund's average daily equity balance.

F. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of March 1 of the previous year. The tax levy is divided into two billings due on May 10 and November 10 each year.

Noncurrent portions of long-term receivables in the governmental funds are reported on their balance sheets, notwithstanding their measurement focus. The noncurrent portion of the receivables that will ultimately result in the recognition of revenue has been reported as deferred revenue. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts since they are not considered available spendable resources.

G. Inventory

Inventory of the governmental funds is recorded as an expenditure when purchased; it is not recorded on the statement of net assets or the governmental funds balance sheet as amounts are not considered material. Inventory of the housing agency enterprise fund is stated at cost and consists of expendable materials and supplies and is expensed when consumed.

H. Restricted Assets

Certain proceeds of the Waterworks revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets and proprietary fund balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. In addition, certain funds set aside in a grantor trust are restricted for payment of postretirement benefits.

I. Intangible Assets

An intangible asset was recorded in connection with the purchase of the Waterworks (see Note 2) which represents a negotiated amount paid by the City for the right to operate the Waterworks. This original amount of \$245,000 is being amortized on a straight-line basis over 40 years which approximates the aggregate remaining useful life of the related utility plant assets purchased. Amortization expense during the year amounted to \$4,083. At December 31, 2002, the intangible asset is \$240,917, which is net of accumulated amortization of \$4,083.

J. Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and infrastructure (e.g. streets, bridges, sewers, storm drains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with cost or donated value beyond prescribed levels and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Governmental Activities

The prescribed capitalization levels for governmental activities are:

- All land acquired by the City is capitalized. Land improvements of \$25 or greater are capitalized.
- All new construction of City buildings is capitalized. Rehabilitation of \$75 or greater is capitalized.
- Equipment and vehicles of \$5 or greater are capitalized.

Beginning January 1, 2002, infrastructure projects of \$25 or greater are capitalized. Infrastructure assets acquired before January 1, 2002 have been capitalized if estimated historical cost or donated value was near or above the criteria for major infrastructure as defined by GASB Statement No. 34, *Basic Financial –Statements - and Management’s Discussion and Analysis - For State and Local Governments* (“GASB No. 34”).

Depreciation for governmental activities is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

Land improvements	30 years individual depreciation
Buildings	50 years individual depreciation
Building improvements	20 years individual depreciation
Equipment and vehicles	3 to 20 years individual depreciation
Streets, curbs, sidewalks, traffic signals	30 years group depreciation
Bridges	60 years individual depreciation
Sewer and storm mains, manholes, inlets and culverts	60 years group depreciation
Sewer and storm lift stations	60 years individual depreciation

Business-type Activities

Housing Agency

The prescribed capitalization levels for the housing agency enterprise fund are as follows:

Land, buildings and improvements	\$5
Equipment and vehicles	\$.5

Depreciation for the housing agency enterprise fund is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

Buildings	25 years individual depreciation
Building and site improvements	20 years individual depreciation
Equipment and vehicles	3 to 7 years individual depreciation

Waterworks

The prescribed capitalization level for the Waterworks is \$5 for all items. Depreciation for the Waterworks is calculated using the straight-line method over the estimated useful life of the various classes of depreciable assets. The group method is used to calculate depreciation, except for vehicles which are depreciated individually. Depreciation lives vary widely, e.g. computers 4.72 years and supply mains 35.59 years to 71.94 years. Depreciation of utility plant assets averaged 1.7% in 2002 (on an eight month basis).

When utility plant in service is retired, except for land and land rights, the accumulated cost of the retired property is credited to utility plant, and such costs, together with the cost of removal less salvage, is charged against accumulated depreciation. If land or land rights are sold, the net gain or loss is included in change in net assets.

Property not currently used in utility operations is included in other capital assets.

K. Customer Advances and Contributions in Aid of Construction

The Waterworks allows developers to install or provide for the installation of main extensions, which are to be transferred to the Waterworks upon completion. The cost of the main extensions and the amount of any funds advanced for the cost of water mains installed are included in customer advances for construction and are refundable over a period of ten years as new customer hook ups are attached to the main extensions. The amount refundable for a new hook up is determined at the time the main extension is completed and is based on a portion of projected utility revenues from the main extension. Advances not refunded within ten years are

permanently transferred to contributions in aid of construction. Historically, a portion of customer advances for construction has not been refunded to the developer. These amounts are transferred to contributions in aid of construction when the ten year refunding period has expired. Upon purchase of the Waterworks in 2002 (see Note 2), the City recorded an amount for customer advances in the amount of \$15,000. This liability was estimated based on amounts outstanding and historical experience of the Waterworks prior to its purchase by the City. In addition, the City recorded \$54,318 in contributions in aid of construction which represent the amount that was recorded by the Waterworks prior to its purchase by the City and must be carried forward under regulatory accounting requirements. This amount is shown netted against the capital assets balance at December 31, 2002.

L. Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana ("Treasurer"). These taxes are then distributed by the Auditor of Marion County, Indiana ("Auditor") to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The City's 2002 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2001 assessed valuations which were adjusted for estimated appeals and tax credits and deductions. The lien date for the 2002 property taxes was March 1, 2001 (assessment date), however, the City does not recognize a receivable on the lien date as the amount of property tax to be collected can not be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. In 2002, taxes were due and payable to the Treasurer in two installments on May 10, 2002 and November 12, 2002. The Auditor distributed all property taxes collected by November 12, 2002 to each applicable governmental entity based upon their levy amounts prior to December 31, 2002. Delinquent property taxes outstanding at December 31, 2002, net of allowance for uncollectible accounts, are recorded as a receivable in the government-wide statements. The funds statements have recorded the same receivable and a corresponding amount in deferred revenue since the amounts are not considered available.

M. Deferred and Unearned Revenues

Deferred revenue is reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met. See Note 1.C. for further discussion on the City's availability policy.

Unearned revenue, on the other hand, is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements.

N. Unbilled Service Revenues

Operating revenues for the Waterworks includes sales of water. These revenues are billed to customers monthly on a cycle basis. Revenues are billed every other month based on meter readings and include a true up for any necessary adjustment for the prior month's estimated billing. Unbilled revenue is recorded based on estimated usage from the date of the latest billing to the end of the accounting period. Unbilled revenues are included in accounts receivable and amounted to \$3,556 at December 31, 2002.

O. Risk Management

The City is insured for property and certain liability losses subject to certain deductible amounts except that it is self-insured for auto liability, general liability (excluding certain other catastrophes) and workers' compensation inpatient services and services delivered at a site other than that provided for in the workers' compensation agreement. Expenses are recorded when a determinable loss is probable and the amount of the loss can be estimated.

The change in claims for 2001 and 2002, including an estimate of incurred but not reported claims, are as follows:

	Auto Liability Reserve	Workers' Compensation	Public Liability Self-Insurance
Unpaid claims, December 31, 2000	\$ 1,702	1216	2,999
Incurred claims and changes in estimates	1,560	1,524	53
Claims paid	<u>(745)</u>	<u>(1,820)</u>	<u>(649)</u>
Unpaid claims, December 31, 2001	2,517	920	2,403
Incurred claims and changes in estimates	(962)	2,483	(544)
Claims paid	<u>(330)</u>	<u>(1,749)</u>	<u>(536)</u>
Unpaid claims, December 31, 2002	\$ <u>1,225</u>	\$ <u>1,654</u>	\$ <u>1,323</u>

The City has entered into contracts with a company to service its workers' compensation and auto liability claims. Under the terms of the contracts, the City is required to maintain a minimum level of funds in a "loss fund account" with the company for the purpose of paying claims and losses. These amounts are recorded as an asset since the self-insurance risk is not transferred to the service agent. The City records a liability for the estimated outstanding losses at year end which includes an accrual for incurred but not reported claims and is included in accounts payable and other current liabilities in the statement of net assets. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The City accounts for the self-insurance programs in internal service funds.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and job-related illnesses or injuries to employees. The City individually handles these risks of loss through combinations of risk retention and commercial insurance.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years.

The housing agency enterprise fund is a member of the Housing Authority Risk Retention Group, Inc. ("Group") which provides general liability, public official and lead-based paint insurance to participating public housing authorities throughout the United States. Coverage provided by general liability is \$5,000 per year with a deductible of \$5 for general liability and \$10 for property claims per occurrence. Management believes that the number of outstanding claims and potential claims outstanding do not materially affect the financial position of the housing enterprise fund. The risk of participation in the Group is limited to the initial surplus contribution of \$90, any subsequent additional surplus contribution as determined by the Group's Board of Directors, and the payment of annual premiums for its general liability insurance coverage. The housing enterprise fund has an investment of \$75 in the Group at December 31, 2002. Although the underwriting experience of the Group may result in increased annual premium charged and/or assessments against each participant's surplus contribution account, the exposure to any net loss allocation is restricted to its surplus contribution account balance, plus any additional assessment that may be required.

The Waterworks' assets are protected by various insurance policies required to be carried by the contractor operating the facilities. This includes motor vehicle liability, general liability, environmental liability, property damage and various other coverages. In addition, the City is self-insured for claims arising from damage due to water main breaks. The City pays for such claims as they become due. The City does not believe that any claims to be paid under this coverage are material to the financial statements.

P. Compensated Absences

City employees earn benefit leave days (in lieu of all vacation, sick and other accrued leave time) which accumulate to a maximum of 37 days per year, depending on length of service. One hundred seventy-six hours earned benefit leave can be carried forward to subsequent years, and an additional 80 hours can be carried forward

upon appropriate approval. Accumulated unused sick leave, earned before September 1, 1994, is payable only upon the death or retirement of an employee, and only half the accumulated sick leave is then payable.

The entire cost of benefit and sick leave is recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (i.e. matured) during the year ended December 31, 2002.

Q. Pensions

The City records expenditures for pension obligations as payments are made to pensioners or to the State of Indiana for State-administered plans. The City records pension payments made by the State of Indiana on its behalf as both a revenue and an expenditure. Unfunded pension obligations are recorded in the government-wide statements in the long-term liabilities due in more than one year.

R. Estimates and Uncertainties

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

S. Adoption of New Accounting Standards

During fiscal year 2002, the City adopted GASB No. 34, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* ("GASB No. 37"), GASB Statement No. 38, *Certain Financial Statement Note Disclosures* ("GASB No. 38") and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental and business-type activities on the statement of net assets and statement of activities. Additionally, the City's statement of net assets includes capital assets and long-term liabilities of the City, which were previously recorded in the general fixed assets account group and the general long-term debt account group, respectively. In addition to the fixed assets previously recorded in the general fixed assets account group, the City retroactively capitalized major infrastructure assets. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting, for the City's general fund, federal grants fund, revenue debt service fund, sanitary district capital projects fund, and non-major governmental funds, which is similar to that previously presented for these funds in the City's financial statements, although the format of financial statements has been modified by GASB No. 34. Additionally, the proprietary funds and pension trust funds fund financial statements continue to focus on the determination of net income and capital maintenance.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis, which provides an analytical overview of the City's financial activities. In addition, budgetary comparisons are presented as required supplementary information that compare the original and final revised general fund budget and federal grants fund budget with actual results.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended. These GASB statements had a significant effect on the City's financial reporting model. All of the GASB statements mentioned above were retroactively applied to December 31, 2001. Restatement of net assets within the government-wide financial statements is as follows:

	Governmental Activities
General Fund	\$ 198,435
Special Revenue Funds	5,672
Debt Service Fund	37,048
Capital Projects Fund	70,803
Internal Service Fund	11,630
	<hr/>
Total fund equity, December 31, 2001	323,588
Required GASB 34 adjustments as of December 31, 2001:	
Cornelia Cole Fairbanks expendable trust fund moved to permanent fund	309
Cable Franchise Peg Grants expendable trust fund moved to special revenue funds	757
Grants and Gifts expendable trust fund moved to special revenue funds	104
Capital assets, net of accumulated depreciation	1,897,431
Long-term debt and leases payable	(853,785)
Net pension obligation	(257,725)
Compensated absences	(14,672)
Revenue recognition	20,800
Net pension assets	4,228
Expense recognition - reverse interest expense accrual	433
	<hr/>
	797,880
	<hr/>
Total net assets, December 31, 2001	\$ <u>1,121,468</u>

T. Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and Statement No. 40, *Deposit and Investment Risk Disclosures* and Technical Bulletin No. 2003-1. The City intends to implement these GASB statements and technical bulletins on their respective effective dates.

U. Interfund Transactions

Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the City are similarly treated if they occur between funds. Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of the expenditure or expenses of the reimbursed fund. Charges or collections for services rendered by one fund for another fund are recognized as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

V. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances. Encumbrances outstanding at year-end will remain in force and will be liquidated under the current year's budget.

W. Amortization of Bond Costs and Amounts Deferred on Refundings

In the government-wide financial statements and the proprietary fund types in the fund financial statements, bond or note discounts and premiums are recorded as a reduction or addition to the debt obligation and bond or note issuance costs are recorded as deferred charges. Such amounts are amortized using the straight-line method over the term of the related bonds. The deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method. The straight-line method is not materially different from the interest method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

X. Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including cash and investments with fiscal agents) with an original maturity of three months or less.

2. Waterworks Purchase

In the summer of 2000, NiSource, Inc. ("NiSource"), an unrelated third party, indicated its intention to merge with Columbia Energy Group of Virginia. Under federal law regarding the regulation of public utility holding companies, federal regulators ordered NiSource to divest itself of all water utility assets by November 2003. In September 2000, the City petitioned the Indiana Utility Regulatory Commission ("IURC") to begin the process of purchasing the water utility assets of the Indianapolis Water Company ("IWC") and other assets of IWC Resources Corporation ("IWCR") and its subsidiaries.

In November 2001, the City entered into an Asset Purchase Agreement with NiSource and IWCR (its subsidiary) providing for terms and conditions of the City's acquisition of the assets comprising substantially all of the IWCR's water utility assets. The Asset Purchase Agreement was finalized and completed on April 30, 2002. The City created the Waterworks Department which in turn acquired substantially all of the assets of IWC and five other smaller subsidiaries of IWCR: (i) Harbour Water Corporation, (ii) Darlington Water Works Company, (iii) Liberty Water Corporation, (iv) IWC Morgan Water Corporation, and (v) Irishman's Run Acquisition Corporation. Irishman's Run Acquisition Corporation was subsequently sold in 2002 to an unrelated party.

IWC or other subsidiaries of IWCR provide water service in most areas of the City of Indianapolis and Marion County, and portions of the surrounding counties of Boone, Hamilton, Hancock, Hendricks, Montgomery, and Morgan. A total of approximately 279 customers (approximately 1.1 million people) are served by IWCR. Approximately seventy-five percent (75%) of the customers are located in Marion County.

The City paid cash of \$380,100 and assumed \$222,897 of NiSource liabilities, including \$2,500 of IWC preferred stock, in connection with the purchase. The City issued its Waterworks District Net Revenue Bonds, Series 2002 A (Tax-Exempt) and Series 2002 B (Taxable) (collectively referred to as the "Waterworks Series 2002 A and B Bonds") in a total amount of \$580,370 to finance the purchase. The acquisition was accounted for as a purchase and the results of operations of the Waterworks were included in the City's financial statements from the acquisition date of April 30, 2002 (i.e. eight months of operations in 2002). The City liquidated \$119,991 of the assumed liabilities upon issuance of the Waterworks Series 2002 A and B Bonds. As a result of the acquisition, an intangible asset of \$245,000 was recorded which

represents a negotiated amount paid by the City to NiSource for the right to operate the Waterworks. The difference between the purchase price paid for the regulated portion of the Waterworks' assets by the City and the underlying book value of the net assets acquired has been classified as plant acquisition adjustment, which is a separate component of utility plant assets. The plant acquisition adjustment amounted to \$184,195 at the acquisition date and is being amortized over a period of forty (40) years based on the estimated aggregate remaining useful life of the related plant assets.

On March 21, 2003, the City entered into a management agreement with U. S. Filter Operating Services, Inc. (owned by Vivendi Environment, S.A.) ("U. S. Filter") to provide the administrative, management and operational functions of operating the Waterworks. See further information on the management agreement in Note 14. All employees of IWCR became employees of U. S. Filter upon completion of the purchase and execution of the management agreement.

3. Cash and Investments

At year-end, the City's cash deposits and investments of pooled funds totaled \$548,336. Investments in U. S. Treasury and Agencies were \$330,305 with a fair value of \$332,498 and \$154,483 was cash and investments held with fiscal agents. Equity in pooled cash of \$61,355 was held at December 31, 2002.

The City is empowered by statute to invest the following types of securities: securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise, or government-backed mutual funds. Funds may be invested in deposit accounts offered by designated depositories approved by the Board of Finance, and fully collateralized repurchase or resale agreements with such approved depositories. (IC5-13-4-7).

The City's cash, cash equivalents and non-negotiable certificates of deposit with a maturity date greater than 90 days from the date of purchase are insured in full at December 31, 2002 by the combination of federal depository insurance and the Indiana Public Deposit Insurance Fund. All negotiable certificates of deposit are classified as investments.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

At year-end, the City's investment balances, as well as a reconciliation of cash and investments as shown on the statement of net assets, were as follows:

	Category		Reported Amount/ Fair Value
	1	3	
U.S. government and agency obligations	\$ 332,498	\$ —	\$ 332,498
Government-based savings accounts	45,802	—	45,802
Investments with fiscal agents	—	154,483	154,483
Total	<u>\$ 378,300</u>	<u>\$ 154,483</u>	<u>532,783</u>
Investments not subject to categorization:			
Mutual funds			9,429
Cash			6,124
Total cash and investments			<u>\$ 548,336</u>

Included in the carrying amount of investments above, is \$154,483 maintained with fiscal agents for specific purposes as defined by trust agreements.

4. Receivables Disaggregation

Receivables as of year end for the City, including the applicable allowances for uncollectible accounts are as follows:

	Accounts	Due From Other Governments	Barrett Law Program Assessments	Other	Total Receivables
Governmental activities:					
General	\$ 18,230	\$ 22,053	\$ —	\$ 1,930	\$ 42,213
Federal grants	—	—	—	51	51
Revenue debt service	33	—	—	—	33
Sanitary district capital projects	—	2,017	—	—	2,017
Other nonmajor governmental	299	598	3,496	1,206	5,599
Internal service	—	6	—	—	6
Total receivables	18,562	24,674	3,496	3,187	49,919
Allowance for uncollectible accounts	(6,506)	—	—	—	(6,506)
Receivables, net	<u>\$ 12,056</u>	<u>\$ 24,674</u>	<u>\$ 3,496</u>	<u>\$ 3,187</u>	<u>\$ 43,413</u>
Accounts not scheduled for collection during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,728</u>	<u>\$ —</u>	<u>\$ 2,728</u>
Business-type activities:					
Waterworks	13,361	—	—	—	13,361
Allowance for uncollectible accounts	(3,700)	—	—	—	(3,700)
Total receivables	<u>9,661</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,661</u>
Housing Agency	82	—	—	—	82
Total - business-type activities	<u>\$ 9,743</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,743</u>

5. Due from Federal and State Governments

Amounts due at December 31, 2002 were as follows:

	Governmental Activities			Business-type Activities
	General Fund	Federal Grants Fund	Nonmajor Government	Housing Agency
Reimbursements under federal grants from:				
U.S. Department of Housing and Urban Development (HUD)	\$ —	\$ 8,134	\$ —	2105
U.S. Department of Justice (DOJ)	—	2,989	—	—
U.S. Department of Transportation (DOT)	—	800	—	—
U.S. Department of Interior (DOI)	54	179	—	—
U.S. Department of Treasury	1	123	—	—
Federal Emergency Management Agency (FEMA)	46	113	—	—
U.S. Environmental Protection Agency (EPA)	179	110	—	—
U.S. Department of Education (DOE)	—	74	—	—
U.S. Department of Energy (Energy)	—	70	—	—
U.S. Department of Health and Human Services (HHS)	—	6	—	—
U.S. Department of Agriculture	—	20	—	—
Due from State of Indiana grants	168	—	167	—
	<u>\$ 448</u>	<u>\$ 12,618</u>	<u>167</u>	<u>2,105</u>

At December 31, 2002, the City had available lines of credit or grant authorizations from HUD totaling \$18,613.

6. Long-term Receivables

A. Long-term receivables as of December 31, 2002 consist of the following:

The City has U.S. Department of Housing and Urban Development (HUD) loans outstanding at December 31, 2002 of \$15,273, including accrued interest of \$1,842. The City has provided a reserve of \$14,284 for these receivables given the uncertainty of collection. Many of these loans bear interest at rates ranging from zero to ten percent and mature over the next 34 years. Generally, principal and interest payments are based upon defined net cash flows and are deferred until sufficient cash flow is available. All deferred principal and interest are due at maturity. Loan repayments to the City are restricted for community and economic development purposes that would otherwise be eligible for reimbursement by HUD under Title I of the Housing and Community Development Act of 1974.

The Housing Agency has an agreement with Tibbs Court, LLP (Tibbs Court) to utilize HOPE VI funds to construct 50 units of public housing of which 19 public housing units will exist for the use of the Housing Agency. As part of the transaction, the City was required to pass-through to Tibbs Court HOPE VI funds not to exceed \$1,625. At December 31, 2002, Tibbs Court had fully expended all available resources related to the pass-through grant. In addition, the City loaned Tibbs Court HOPE VI money which was composed of a \$200 non-interest bearing loan which is due September 14, 2036 and a \$300 interest-bearing loan at 5.74% which is due September 14, 2038. The entire amount of the loans plus accrued interest is due at the maturity dates. No public housing money can be used to repay the loans.

The loans are secured by collateral assignment of the leases and rents of the mortgaged property. At December 31, 2002, the Housing Agency has recorded the \$500 as a loan receivable while no interest receivable has been established due to the uncertainty of collection.

B. Long-term pledge receivable as of December 31, 2002 consists of the following:

The long-term pledge receivable amount outstanding as of December 31, 2002 is \$1,290. This amount is not recorded on the financial statements and represents a \$1,290 pledge receivable for Canal Square. The pledge agreement states that these funds shall be returned to the City only if a sale or refinancing occurs. If either event occurs, the City is entitled to full repayment; however, the City is subordinate to the mortgage and also to the investors (to the extent of their capital contributions).

7. Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2002:

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 56,741	\$ 3,850	\$ —	\$ 60,591
Construction in progress	162,428	67,924	27,145	203,207
Total capital assets not being depreciated	219,169	71,774	27,145	263,798
Capital assets being depreciated:				
Buildings	622,288	3,833	—	626,121
Improvements	134,030	1,100	—	135,130
Equipment	79,187	14,460	6,798	86,849
Infrastructure	3,117,635	31,693	21,355	3,127,973
Total capital assets being depreciated	3,953,140	51,086	28,153	3,976,073
Less accumulated depreciation:				
Buildings	242,113	32,355	—	274,468
Improvements	41,627	5,842	—	47,469
Equipment	48,704	13,025	6,564	55,165
Infrastructure	1,942,434	82,892	21,316	2,004,010
Total accumulated depreciation	2,274,878	134,114	27,880	2,381,112
Total capital assets being depreciated, net	1,678,262	(83,028)	273	1,594,961
Governmental activities capital assets, net	\$ 1,897,431	\$ (11,254)	\$ 27,418	\$ 1,858,759

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
Business-type activities:				
Waterworks				
Capital assets not being depreciated:				
Land	\$ —	\$ 16,757	\$ —	\$ 16,757
Construction in progress	—	32,104	19,976	12,128
Total capital assets not being depreciated	—	48,861	19,976	28,885
Capital assets being depreciated:				
Water distribution and treatment system	—	668,584	—	668,584
Equipment	—	23,583	5,228	18,355
Total capital assets being depreciated	—	692,167	5,228	686,939
Less accumulated depreciation:				
Water distribution and treatment system	—	139,016	—	139,016
Equipment	—	9,326	675	8,651
Total accumulated depreciation	—	148,342	675	147,667
Less acquisition adjustment	—	196,828	3,070	193,758
Less contributions in aid of construction	—	54,318	—	54,318
Total capital assets being depreciated, net	—	292,679	1,483	291,196
Housing Agency				
Capital assets not being depreciated:				
Land	15,902	1,374	—	17,276
Construction in progress	249	623	249	623
Total capital assets not being depreciated	16,151	1,997	249	17,899
Capital assets being depreciated:				
Buildings	107,718	7,897	—	115,615
Equipment	3,719	703	375	4,047
Total capital assets being depreciated	111,437	8,600	375	119,662
Less accumulated depreciation:				
Buildings	68,357	3,584	—	71,941
Equipment	1,660	635	396	1,899
Total accumulated depreciation	70,017	4,219	396	73,840
Total capital assets being depreciated, net	41,420	4,381	(21)	45,822
Business-type activities capital assets, net	\$ 57,571	\$ 347,918	\$ 21,687	\$ 383,802

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	1,879
Public safety		8,558
Public works		111,571
Health and welfare		73
Cultural and recreation		7,264
Urban redevelopment and housing		4,139
Economic development and assistance		630
	\$	<u>134,114</u>

Business-type activities:

Waterworks		11,536
Housing Agency		4,219
	\$	<u>15,755</u>

At December 31, 2002, the City's commitments related to construction in progress is composed of the following:

	<u>Authorized</u>	<u>Accrued Expenditures Through December 31, 2002</u>	<u>Committed</u>
Department of Parks and Recreation	\$ 9,850	\$ 5,534	\$ 4,316
Department of Public Works	147,154	115,888	31,266
Department of Metropolitan Development	<u>84,938</u>	<u>81,785</u>	<u>3,153</u>
Total governmental activities	\$ <u>241,942</u>	\$ <u>203,207</u>	<u>38,735</u>
Waterworks	22,663	13,663	9,000
Housing Agency	<u>2,109</u>	<u>623</u>	<u>1,486</u>
Total business-type activities	\$ <u>24,772</u>	\$ <u>14,286</u>	\$ <u>10,486</u>

8. Accounts Payable and Other Current Liabilities Dissagregation

Accounts payable and other current liabilities as of year end for the City are as follows:

	Vendors	Third Party Contracts	Lilly	Due to Other Governments	Claims and Settlements	Accrued Payroll and Taxes	Other	Total Payables and Other Current Liabilities
Governmental activities:								
General	\$ 15,092	\$ —	\$ —	\$ 7,459	\$ 102	\$ 16,109	\$ 501	\$ 39,263
Federal grants	2,139	4,647	—	1	—	95	45	6,927
Revenue debt service	—	—	5,526	3,835	—	—	—	9,361
Sanitary district capital projects	3,316	—	—	13	—	—	—	3,329
Other nonmajor governmental	3,980	95	—	29	—	6	160	4,270
Internal service	29	—	—	—	4,173	—	—	4,202
Total - governmental activities	<u>\$ 24,556</u>	<u>\$ 4,742</u>	<u>\$ 5,526</u>	<u>\$ 11,337</u>	<u>\$ 4,275</u>	<u>\$ 16,210</u>	<u>\$ 706</u>	<u>\$ 67,352</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,526</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,526</u>
Business-type activities:								
Waterworks	9,599	—	—	—	—	—	2,648	12,247
Housing Agency	3,409	1,029	—	—	—	—	96	4,534
Total - business type activities	<u>\$ 13,008</u>	<u>\$ 1,029</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,744</u>	<u>\$ 16,781</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

9. Leases and Other Financing Transactions

A. Lessee Arrangements:

1. Capital leases are described in the long-term debt section of the notes to the financial statements (Note 10).
2. Operating leases

The City has entered into various operating leases for rental of equipment and properties. Total rental expense for these operating leases was \$18,298 in 2002. The minimum future payments as of December 31, 2002 on these operating leases is as follows:

	Governmental Activities	Business-type Activities	
		Waterworks	Housing Agency
2003	\$ 14,765	\$ 494	\$ 370
2004	15,165	252	370
2005	15,089	70	370
2006	15,012	69	370
2007	14,678	72	370
2008 - 2012	72,040	402	647
2013 - 2017	57,358	468	—
2018 - 2022	443	493	—
2023 - 2027	448	—	—
2028 - 2032	349	—	—
2033 - 2035	130	—	—
Total future payments	\$ 205,477	\$ 2,320	\$ 2,497

The City entered into an agreement with Marion County Convention and Recreational Facility Authority (“MCCRFA”) to lease a portion of land located at the airport over a 25-year term expiring in December 2016. This land is being used for a major aircraft maintenance and overhaul center for United Airlines, Inc. (“United”). The lease requires the City to make annual payments equal to MCCRFA’s debt service requirements.

United agreed to provide certain economic development incentives for the benefit of the City. It committed to construct and equip the maintenance and overhaul center by December 31, 2001 and to employ at least 6,300 full-time employees with annual payroll and benefits aggregating at least a quarter billion dollars by December 31, 2004. At December 31, 2001, United had not met the required economic development incentives related to the construction of the maintenance and overhaul of the center. The original agreement provides that certain reimbursement may be paid by United to the City in the event United’s commitments are not fulfilled. United paid the City \$10,072 in settlement of the failure to meet the commitment on the capital investment during 2002 and this amount has been reflected as a special item in the statement of activities. In 2003, United filed for bankruptcy and abandoned the aircraft maintenance and overhaul center. The City remains obligated to make the annual lease payments to MCCRFA. At this time, it is unclear whether the City will be entitled to further reimbursement due to United not meeting the payroll requirements of the agreement in 2004.

B. Lessor Arrangements:

The City is the lessor in several operating lease agreements with outside parties. These properties are leased for terms generally ranging from 5 to 50 years. Total rental income amounted to \$503 in 2002.

The minimum future rental income to be received as of December 31, 2002 on these operating leases is as follows:

	Governmental Activities	Business-type Activities Waterworks
2003	\$ 392	\$ 42
2004	372	37
2005	357	18
2006	312	18
2007	288	14
2008 - 2012	1,473	—
2013 - 2017	1,369	—
2018 - 2022	651	—
2023 - 2027	605	—
2028 - 2032	605	—
2033 - 2035	363	—
Total future payments	<u>\$ 6,787</u>	<u>\$ 129</u>

C. Other Financing Transactions:

Multipurpose stadium:

The City is owner of a multipurpose stadium that is situated on land leased at no cost for 20 years (which expired December 31, 1999), from a state university with an option to renew for ten additional years on the same terms. Currently, the City is involved in negotiations to decide whether the lease term will be extended, as the City continues operating under the existing agreement.

Upon the expiration, the university shall pay to the City the lesser of:

- 1) The sum of the principal borrowed by the City and actually expended on construction of the facility (\$4,000), plus interest paid on such principal, minus the net operating income received by the City.
- 2) The proportion of the fair value of the facility erected by the City upon the leased land which the City's initial investment (not to exceed \$4,000) in the cost of construction of the facility bears to the total cost (including contributions) of the facility.

The City has an operating agreement that provides the City with all income from operations of the stadium in excess of the related costs of operation and maintenance. The City has guaranteed to reimburse the operator for such costs to the extent income is insufficient. At December 31, 2002, costs exceeded income, and a payable to the operator of \$589 was recorded.

City Market:

In 2001, the City renewed its long-term operating lease with the Indianapolis City Market Corporation (“Market”), a not-for-profit organization formed for the purpose of operating the Indianapolis City Market. The lease extends through February 2006 and provides a 5-year renewal option at that time. The Market is to pay an annual rental fee of one dollar plus 100% of the net cash flow, if any, remaining after the payment of normal costs of operations and maintenance. In 2002, the City was required to contribute additional subsidies to the Market of \$255.

Circle Centre Mall:

In January 1994, the City entered into a long-term operating lease with Circle Centre Development Company, an Indiana General Partnership. The lease extends through December 2027 and provides seven options to extend the term for 10 years. Annual rentals are based on a percentage of annual net cash flow. For 2002, the City received no annual rentals from the partnership.

10. Long-term Liabilities

A. Long-term Debt

The following is a summary of long-term debt and other long-term liabilities for the year ended December 31, 2002:

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002	Due Within One Year
Governmental activities:					
Bonds payable:					
Serial bonds payable	\$ 283,617	\$ 2,058	\$ 16,555	\$ 269,120	\$ —
Tax increment bonds payable	425,922	158,850	153,170	431,602	9,572
Revenue bonds	82,620	22,703	6,896	98,427	2,235
Deferred amounts					
Less: Deferred discounts	—	(161)	—	(161)	—
Loss on refunding	—	(2,507)	—	(2,507)	—
Plus: Deferred premiums	—	19	—	19	—
Total bonds payable	792,159	180,962	176,621	796,500	11,807
Notes payable	52,789	44,899	3,602	94,086	7,424
Capital leases payable	8,837	—	2,655	6,182	1,942
Net pension obligation	257,725	38,502	—	296,227	—
Compensated absences	14,672	3,170	—	17,842	—
Settlement payable	—	2,806	—	2,806	1,125
Total governmental activities	\$ 1,126,182	\$ 270,339	\$ 182,878	\$ 1,213,643	\$ 22,298
Business-type activities:					
Waterworks:					
Revenue bonds	\$ —	\$ 619,520	\$ 220	\$ 619,300	\$ —
Notes payable	—	1,843	253	1,590	252
Capital leases payable	—	99	30	69	50
Customer advances	—	19,120	3,544	15,576	—
Unfunded postretirement obligation	—	46,103	—	46,103	—
Housing Agency:					
Revenue bonds	11,664	—	2,861	8,803	1,197
Capital leases payable	571	1,741	260	2,052	384
FSS escrow	866	224	186	904	150
Compensated absences	398	896	916	378	—
Total business-type activities	\$ 13,499	\$ 689,546	\$ 8,270	\$ 694,775	\$ 2,033

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

General Obligation Bonds

The City through the Indianapolis Local Public Improvement Bond Bank issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest</u>	<u>Outstanding</u>
Civil City Bonds:				
Multi-Purpose Stadium Bonds of 1987	3/1/1987	1/1/2008	5.860 %	<u>\$ 2,165</u>
Redevelopment District Bonds:				
Redevelopment District of 1993:				
Capital appreciation	2/18/1993	1/1/2013	5.5-6.3	35,220
Redevelopment District of 1995	12/19/1995	1/1/2015	4.0-6.15	<u>2,885</u>
Total Redevelopment District Bonds				<u>38,105</u>
Sanitary District Bonds:				
Sanitary District of 1973	10/1/1973	1/1/2003	4.870	360
Sanitary District of 1978 --1st	2/1/1978	1/1/2003	5.098	275
Sanitary District of 1978 --1st Deferred	11/1/1978	1/1/2004	5.599	425
Sanitary District of 1978 -- 2nd	12/1/1978	1/1/2004	5.708	4,950
Sanitary District of 1993 -- 1st	2/18/1993	1/1/2007	5.1-5.65	13,670
Sanitary District of 1993 -- 2nd	2/18/1993	1/1/2018	5.7-6.00	64,125
Sanitary District of 1995	12/19/1995	1/1/2015	5.00	<u>5,575</u>
Total Sanitary District Bonds				<u>89,380</u>
Public Safety Comm Systems & Computer Facilities Dist. Bonds Series 1999 A	8/1/1999	1/1/2010	4.45-4.80	<u>15,000</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest</u>	<u>Outstanding</u>
Flood Control District Bonds:				
Flood Control District of 1987	3/1/1987	1/1/2008	5.80-6.6 %	\$ 12,935
Flood Control District of 1993 -- 1st	2/18/1993	1/1/2007	5.1-5.65	7,100
Flood Control District of 1993 -- 2nd	2/18/1993	1/1/2018	5.75-6.0	11,940
Flood Control District of 1995	12/19/1995	1/1/2015	4.5-6.15	<u>1,955</u>
Total Flood Control District Bonds				<u>33,930</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District -- 1977	11/1/1977	1/1/2003	4.900	790
Metropolitan Thoroughfare District -- 1978	11/1/1979	1/1/2005	5.726	1,150
Metropolitan Thoroughfare District -- 1987	3/1/1987	1/1/2008	5.80-6.60	10,775
Metropolitan Thoroughfare District -- 1993 -- 1st	2/18/1993	1/1/2008	4.1-5.7	15,955
Metropolitan Thoroughfare District -- 1993 -- 2nd	2/18/1993	1/1/2008	3.9-6.0	<u>48,890</u>
Total Metropolitan Thoroughfare District Bonds				<u>77,560</u>
Park District Bonds:				
Park District of 1993 -- 1st	2/18/1993	1/1/2008	5.1-5.7	3,910
Park District of 1993 -- 2nd	2/18/1993	1/1/2018	5.75-6.0	<u>25,625</u>
Total Park District Bonds				<u>29,535</u>
Total Serial Bonds				285,675
Less: Matured bonds payable recorded in the debt service funds				<u>(16,555)</u>
General obligation bonds payable				<u>\$ 269,120</u>

All principal and interest payments are due on January 1 and July 1, February 15 and August 15 of the respective year. Accordingly, the City appropriates all payments due on January 1 and February 15 in the year before payment is due and provides the amount in the Debt Service Funds. All serial bond principal and interest payments due January 1, 2003 have been recorded as matured bonds payable and matured interest payable at December 31, 2002.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31	Civil City		Redevelopment General		Sanitary		Flood Control	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 305	130	3,165	141	3,850	5,064	3,225	1,933
2004	330	110	3,170	134	4,045	4,848	3,410	1,740
2005	345	88	3,180	125	4,275	4,622	3,610	1,532
2006	370	65	3,190	117	4,505	4,384	3,830	1,309
2007	395	41	3,200	107	4,745	4,128	4,065	1,068
2008 - 2012	420	14	29,605	374	26,165	16,447	7,255	3,432
2013 - 2017	—	—	7,205	68	34,090	7,525	7,010	1,512
2018	—	—	—	—	7,705	231	1,525	46
	2,165	448	52,715	1,066	89,380	47,249	33,930	12,572
Less deferred interest on capital appreciation bonds	—	—	(14,610)	—	—	—	—	—
	<u>\$ 2,165</u>	<u>448</u>	<u>38,105</u>	<u>1,066</u>	<u>89,380</u>	<u>47,249</u>	<u>33,930</u>	<u>12,572</u>
	Metropolitan Thoroughfare		Park		MECA		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 4,195	4,454	225	1,734	1,590	694	16,555	14,150
2004	3,500	4,235	240	1,722	1,660	621	16,355	13,410
2005	5,800	3,967	250	1,709	1,735	542	19,195	12,585
2006	6,125	3,622	265	1,695	1,815	458	20,100	11,650
2007	5,960	3,266	275	1,680	1,905	368	20,545	10,658
2008 - 2012	21,365	12,082	11,180	6,721	6,295	496	102,285	39,566
2013 - 2017	24,745	5,635	13,820	3,147	—	—	86,870	17,887
2018	5,870	176	3,280	98	—	—	18,380	551
	77,560	37,437	29,535	18,506	15,000	3,179	300,285	120,457
Less deferred interest on capital appreciation bonds	—	—	—	—	—	—	(14,610)	—
	<u>\$ 77,560</u>	<u>37,437</u>	<u>29,535</u>	<u>18,506</u>	<u>15,000</u>	<u>3,179</u>	<u>285,675</u>	<u>120,457</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Tax Increment Revenue Bonds

These bonds are issued to provide funds for the construction and maintenance of the City's infrastructure such as streets, sewers, and sidewalks. These bonds will be repaid from amounts levied against the property owners that will benefit by this construction.

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Effective Interest Rates</u>	<u>Balance December 31, 2002</u>
Redevelopment District 1990				
Capital appreciation	12/27/90	08/01/11	7.450 - 7.700 %	\$ 14,495
Less discount				(4,092)
				<u>10,403</u>
Redevelopment District 1991				
Interest-bearing	04/01/91	02/01/20	5.900 - 6.750	23,720
Capital appreciation	04/01/91	02/01/20	7.100 - 7.250	22,046
Less discount				(8,316)
				<u>37,450</u>
Redevelopment District 1992	04/01/92	02/01/20	5.500 - 6.800	<u>108,115</u>
Park District 1998 Series C	04/09/98	01/15/11	3.800 - 5.100	<u>2,200</u>
Redevelopment District 1999 Series B				
Interest-bearing	07/15/99	02/01/29	4.250 - 5.800	19,355
Capital appreciation	07/15/99	02/01/29	5.650 - 5.820	241,640
Less discount				(170,481)
				<u>90,514</u>
Redevelopment District 2000 Series A	12/19/00	02/01/21	4.450 - 5.500	<u>10,925</u>
Redevelopment District 2001 Series B	5/14/01	08/01/10	3.000 - 5.250	<u>13,250</u>
Redevelopment District 2002 Series A	12/30/02	02/01/20	6.191	<u>129,485</u>
Redevelopment District 2002 Series B	12/19/02	02/01/29	3.900 - 5.000	<u>29,365</u>
				431,707
Less matured bonds payable recorded in the debt service funds				<u>(105)</u>
Total tax increment revenue bonds				<u><u>\$ 431,602</u></u>

All principal and interest payments are due on January 15 and July 15, February 1 and August 1 of the respective year. Accordingly, the City appropriates all payments due on January 15 and February 1, in the year before payment is due and provides the amount in the Debt Service Funds. All Tax Increment Bond principal and interest payments due January 15, 2003 have been recorded as matured bonds payable and matured interest payable at December 31, 2002.

On December 30, 2002 the City issued Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds of 2002, Series A (Refunded Tax Increment Revenue Bond of 1992, Series A Term Bond of \$125,335 due February 1, 2020) in the amount of \$129,485 to the Indianapolis Local Public Improvement Bond Bank which issued its related Series 2002 F Bonds (Refunded Series 1992 D Bond Bank Term Bond of 125,335 due February 1, 2020) in the amount of \$129,485. The net proceeds redeemed a portion of the Redevelopment District Tax Increment Revenue Bond of 1992, Series A, funded a debt service reserve and paid issuance costs and bond insurance. The outstanding 1992 Redevelopment District Bonds maturing on February 1, 2020, which are outstanding in the aggregate principal amount of \$125,335, will be redeemed by Bond proceeds. The \$129,485 was issued in two parts of \$64,745 for the Series 2002 F-1 and \$64,740 for the Series 2002 F-2 Bonds bearing interest at a daily rate or weekly rate. While and so long as the Series 2002 F Bonds bear interest at a daily rate or weekly rate, the Series 2002 F Bonds will be exempt from the continuing disclosure requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. Funding of the bonds will come from tax increment revenue from all property taxes in excess of the base assessed value on real and personal property collected in the Consolidated Redevelopment Area and on personal property collected in the Harding Street Allocation Area. The 2002, Series A Bonds are on parity with the 1999 Subordinate District Bonds and the 2002, Series A Subordinate District Bonds. The cash flow differences between the debt service on the 1992 Series A bond and on the new debt was \$5,558 and resulted in an economic gain is \$4,259. The outstanding balance as of December 31, 2002 was \$129,485.

On December 19, 2002, the City issued Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds of 2002, Series B (Refunded Subordinate Tax Increment Revenue Bond of 1999, Series A payment of \$2,375, due February 1, 2029 and Subordinate Tax Increment Refunding Revenue Bond of 1999, Series A payment of \$24,625 due February 1, 2029) in the amount of \$29,365 to the Indianapolis Local Public Improvement Bond Bank which issued its related Series 2002 G Bonds (refunded Series 1999 E Bond Bank Bond payment of \$27,000 due February 1, 2029) in the amount of \$29,365. The net proceeds were used to redeem a portion of the Redevelopment District Subordinate Tax Increment Revenue and Refunding Revenue Bonds of 1999, Series A, to fund a debt service reserve and to pay issuance costs and bond insurance. The outstanding current interest 1999 Subordinate District Bonds maturing on February 1, 2029, which are outstanding in the aggregate principal amount of \$27,000, will be redeemed by Bond proceeds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. Funding will come from tax increment revenue from all property taxes in excess of the base assessed value on real and personal property collected in the Consolidated Redevelopment Area and on personal property collected in the Harding Street Allocation Area. The 2002, Series B Bonds are on parity with the 1999 Subordinate District Bonds and the 2002, Series B Subordinate District Bonds. The cash flow differences between the debt service on the 1999 Series bond and on the new debt was \$5,009 and resulted in an economic gain is \$1,927. The outstanding balance as of December 31, 2002 was \$29,365.

In 2001, the Indianapolis Local Public Improvement Bond Bank entered into a forward swap agreement to lock in a fixed interest rate for refunding the 1992 B Current Interest Bonds. The 1992 B Bonds to be refunded total \$125,335 and mature in February 2020. In 2002, the Bond Bank refunded the 1992 B Bonds with the issuance of Series 2002 F Bonds and the swap went live at which time the City recorded the effect of the swap transaction. The fixed rate entered into by the Bond Bank pursuant to the swap agreement was an off market rate providing the Bond Bank \$17,600 in an up front payment. The up front cash payment is restricted for debt service on the Series 1992 Bonds and the 1999 Bonds and for payment of principal and interest on the \$35 million note commonly referred to as the "Key Bank Loan". At December 31, 2002, the City has recorded \$10,100 as cash and investments with fiscal agents which is being held by the Bond Bank.

Under the Harding Street, 1991 Series A, Tax Increment Bond, if the distributions from the TIF portion of the bond were not sufficient to make payments on the note, Eli Lilly and Company ("Lilly") agreed to pay the City for the difference. The City is liable to repay this amount back to Lilly from any excess money earned from the Tax Increment portion of the bond. Once the bond has matured, if there still remains an outstanding balance owed to Lilly, the City will repay the balance at this time with interest of the same rate as on the applicable bonds. As of December 31, 2002, the City owes \$4,562 to Eli Lilly as reimbursement for these payments; \$964 represents interest on this amount and the entire amount has been recorded as accounts payable in the statement of net assets and governmental fund's balance sheet.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

Year ending December 31	Principal	Interest	Total
2003	\$ 10,385	\$ 16,137	\$ 26,522
2004	11,575	19,498	31,073
2005	12,835	18,972	31,807
2006	14,175	18,422	32,597
2007	15,555	17,786	33,341
2008 - 2012	89,460	76,521	165,981
2013 - 2017	112,135	49,302	161,437
2018 - 2022	144,645	13,919	158,564
2023 - 2027	146,280	5,965	152,245
2028 - 2029	57,551	1,790	59,341
	<u>614,596</u>	<u>238,312</u>	<u>852,908</u>
Less deferred interest on capital appreciation bonds	(182,889)	—	(182,889)
Total	<u>\$ 431,707</u>	<u>\$ 238,312</u>	<u>\$ 670,019</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are issued through the Indianapolis Local Public Improvement Bond Bank. Revenue bonds outstanding at year-end are as follows:

Governmental activities:	Issue Dates	Final Maturity Dates	Effective Interest Rates	Balance December 31, 2002
Transportation Revenue—2001 Series A	05/11/01	07/01/10	4.500-5.500 % \$	31,005
Park District Revenue—1998 Series B	04/09/98	01/15/13	6.050 - 6.800	2,075
Redevelopment District—2002 Series A	11/21/02	02/01/12	3.000 - 3.850	3,740
Sanitary District Bonds—1998 Series A	12/30/98	01/01/19	3.500	18,352
Sanitary District Bonds—2000 Series A	06/30/00	01/01/21	3.500	13,977
Sanitary District Bonds—2000 Series B	12/14/00	01/01/21	4.500 - 5.600	9,720
Sanitary District Bonds—2001 Series A	08/23/01	01/01/23	4.000	10,221
Sanitary District Bonds—2002 Series B	08/30/02	01/01/24	4.000	1,683
Enhanced Emergency System—2001 Series D	08/30/01	07/01/11	2.700-5.000	12,405
				103,178
Less matured bonds payable recorded in debt service funds				(4,751)
Total revenue bonds recorded in governmental activities				\$ 98,427
Business-type activities:				
Housing Agency, four issues	12/01/66-12/01/70	12/01/07-12/01/10	4.500 - 5.750	\$ 8,803
Waterworks District, two issues	04/30/02	01/01/07-01/01/35	4.150 - 5.450	580,370
Economic Development Revenue Bonds, two issues	07/29/1998	07/15/2028	5.050	38,930
Total waterworks				619,300
Total revenue bonds recorded in business-type activities				\$ 628,103

All principal and interest payments are due on January 1 and July 1, and January 15 and July 15, of the respective year. Accordingly, the City appropriates all payments due on January 1 and January 15, in the year before payment is due and provides the amount in the Debt Service Funds. All revenue bond principal and interest payments due January 1, 2003 and January 15, 2003 have been recorded as matured bonds payable and matured interest payable at December 31, 2002.

On December 30, 1998 the City of Indianapolis issued Sanitary District Bonds of 1998, Series A, in the amount of \$23,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 1998 E bonds in the amount of \$23,000. The net proceeds are being used for construction or additions and improvements to the Sewage Works system. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Revolving Loan Program to finance low-cost water quality projects. The outstanding balance of draws at December 31, 2002 was \$18,352.

On June 30, 2000 the City of Indianapolis issued Sanitary District Revenue Bonds of 2000, Series A, in the amount of \$32,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2000 B bonds in the amount of \$32,000. The net proceeds are being used to fund seven Barrett Law Sewer Projects to eliminate many failing septic systems and thus reduce waterways contaminated by septic system run off. The project also includes two lift station projects, a manhole rehabilitation project and four wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The outstanding balance of draws at December 31, 2002 was \$13,977.

On August 23, 2001, the City of Indianapolis issued Sanitary District Revenue Bonds of 2001, Series A, in the amount of \$42,420 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2001 Series E bonds in the amount of \$42,420. The proceeds are being used to fund several environmental studies and engineering projects and advanced wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The outstanding balance of draws at December 31, 2002 was \$10,221.

On August 30, 2002 the City of Indianapolis issued Sanitary District Revenue Bonds of 2002, Series B in the amount of \$41,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2002 D in the amount of \$41,000. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The outstanding balance of draws at December 31, 2002 was \$1,683.

On November 21, 2002 the City of Indianapolis issued Redevelopment District Annual Appropriation Revenue Bonds, Series 2002, in the amount of \$3,740 to the Indianapolis Local Public Improvement Bond Bank which issued its related Series 2002 E Bonds in the amount of \$3,740. Bond proceeds are being used to pay issuance costs, to fund a debt service reserve and capitalized interest fund and to construct roads, sidewalks, water and sewer utilities and a retention pond in the Martindale-Brightwood Industrial Development Area. The funds will be paid back from annual appropriations from the City Cumulative Capital Development Fund and the County Cumulative Development Fund, which are funded by a citywide and countywide ad valorem property tax levy. Marion County disburses 45% of property tax proceeds to the City. Interest due of \$86 in 2003 was capitalized. The outstanding debt at December 31, 2002 was \$3,740.

The Housing Agency Enterprise Fund includes revenue bonds which are collateralized by a first pledge of the annual contribution payable to the Agency by HUD as it relates to each issue and also a first pledge of and lien on the rents, revenues, fees and other income derived from Housing Agency projects after providing for the payment of operating expenses. The IHA bonds represent the Agency's portion of consolidated issues which include other housing authorities in the State of Indiana. HUD deposits an amount equal to the total maturities with the paying agent each year, and allocates bond principal payments to each housing authority based on its percentage of the total issue. Separate amortization schedules are not prepared for each housing authority. The Housing Agency bonds mature serially in December through 2010 in increasing amounts from \$150 to \$737.

On April 30, 2002, the City issued Waterworks District Net Revenue Bonds, Series 2002 A (Tax-Exempt) in the amount of \$575,955 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2002 A in the amount of \$575,955. On April 30, 2002 the City also issued Waterworks District Net Revenue Bonds, Series 2002 B (Taxable) in the amount of \$4,415 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2002 B in the amount of \$4,415. The net proceeds funded a reserve fund, paid capitalized interest, funded other accounts created by the Waterworks Department's Bond Resolution, acquired a municipal bond insurance policy, paid issuance costs and financed the acquisition of an existing water system and other capital costs. Net revenues of the Waterworks Department will fund the bond issues. The outstanding balances as of December 31, 2002 were \$575,955 and \$4,415, respectively.

On April 30, 2002 the City assumed \$39,150 of Economic Development Water Facilities Refunding Revenue Bonds, Series 1998 with the purchase of the Waterworks. Interest will be paid on these bonds January 15 and July 15 until July 15, 2028 at which time the remaining principal will be paid in full. The outstanding balance as of December 31, 2002 was \$38,900.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31	Governmental Activities		Business-type Activities				Total		
	Principal	Interest	Housing Agency		Waterworks				
			Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$	6,986	6,197	1,197	472	—	31,426	8,183	38,095
2004		10,765	5,943	1,261	411	520	31,426	12,546	37,780
2005		9,446	5,116	1,326	346	1,240	31,392	12,012	36,854
2006		9,854	5,161	1,393	278	1,680	31,326	12,927	36,765
2007		10,286	4,737	1,468	207	2,655	31,231	14,409	36,175
2008 - 2012		42,439	11,760	2,158	223	27,150	153,084	71,747	165,067
2013 - 2017		10,482	2,317	—	—	52,520	143,316	63,002	145,633
2018 - 2022		2,920	338	—	—	87,750	124,994	90,670	125,332
2023 - 2027		—	—	—	—	133,745	96,473	133,745	96,473
2028 - 2032		—	—	—	—	195,955	58,540	195,955	58,540
2033 - 2034		—	—	—	—	116,085	9,590	116,085	9,590
	\$	103,178	41,569	8,803	1,937	619,300	742,798	731,281	786,304

B. Notes Payable

1. The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$6,000, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interests payments on each February 1 and August 1 with the last payment being made on August 1, 2020. At December 31, 2002, \$5,400 was still outstanding.
2. Redevelopment District Annual Appropriation notes were issued July 15, 2000 for \$10,000 to pay for the costs of the Glendale Mall area improvements, Canal extension, and renovation of the fire station by the Children's Museum. At December 31, 2002, \$4,200 was still outstanding.
3. On August 15, 2000, the City issued Redevelopment District Limited Recourse Taxable Refunding Note, Series 2000 A in the amount of \$36,462. The issue matures in its entirety in August 2006. At December 31, 2002, \$35,583 was still outstanding.
4. On July 1, 2001, the City issued Redevelopment District Limited Recourse Note, Series 2001 A in the amount of \$10,000. This is a draw down note and as of December 31, 2002 the City had drawn down \$7,767. Interest payments are due on January 1, April 1, July 1, and October 1 of each year on the unpaid balance. The interest rate starting from September 30, 2001 is one hundred (100) basis points plus the District LIBOR Rate.
5. On May 1, 2001, the City issued notes in the amount of \$7,036 for the purchase of certain equipment, vehicles and related capital items, including all expenses in connection with or on account of the issuance of notes. Interest is payable on May 15 and November 15 and is calculated on the basis of a 363-day or 366-day year as the case may be. The interest rate may vary with each purchase of a Tax Revenue Note but not to exceed 7%. This issue matures on June 1, 2006. At December 31, 2002, \$4,586 was still outstanding.
6. On April 5, 2002, the City signed a Master Equipment Lease/Purchase Agreement with Banc of America Leasing & Capital, LLC for an amount not to exceed \$6,580. Two Acquisition Accounts were created: "City of Indianapolis Acquisition Account -- 4 Years" in the amount of \$4,074 and the second "City of Indianapolis Acquisition Account -- 5 Years" in the amount of \$2,506. On the signing date, the amount of \$1,620 was due against the principal. At December 31, 2002, \$4,960 was still outstanding.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

7. On July 18, 2002, the City signed an Acquisition Fund Agreement with Banc of America Leasing & Capital, LLC for an amount not to exceed \$9,403. Two Acquisition Accounts were created: the first to be known as "City of Indianapolis Acquisition Account – Helicopter" in the amount of \$2,194 and the second as "City of Indianapolis Acquisition Account – Vehicles and Equipment" in the amount of \$7,209. The term for this agreement is 48 months with the first principal payment due January 1, 2003. At December 31, 2002, \$9,403 was still outstanding.
8. On October 1, 2002 the Tax-Exempt Commercial Paper Notes, Series B, were issued by the Indianapolis Local Public Improvement Bond Bank in an amount limited to \$32,219. The proceeds are being used to undertake certain projects on the Sanitary District's (\$15,000) and Stormwater District's (\$15,000) long-term capital plans. The Sanitary District will make payments on the notes at maturity on October 1, 2007, from proceeds of bonds if and when issued by the Sanitary District or from net revenues of the Sanitary District, if any, available for such payment. The outstanding amount as of December 31, 2002 was \$14,334 for the Sanitary District notes and \$7,518 for the Stormwater District notes.
9. On June 27, 2002 a loan for \$60 was secured from Indiana Development Finance Authority through the Department of Metropolitan Development. The purpose was to assist in financing the cost of assessment and remediation activities at a brownfield site (as defined in IC 13-11-2-19.3) know as the former Mobil gas station, 1520 Central Avenue in Indianapolis, Indiana. Up to twenty percent (20%) of the \$60 loan may be forgiven if the project attains its Economic Development Goals timely. At December 31, 2002, \$60 was still outstanding.
10. On June 27, 2002 a loan for \$175 was secured from Indiana Development Finance Authority through the Department of Metropolitan Development. The purpose was to assist in financing the cost of assessment and remediation activities at a Brownfield site (as defined in IC 13-11-2-19.3) know as Riverside Plaza, located at 1426 W. 29th Street in Indianapolis, Indiana. Up to twenty percent (20%) of the \$175 loan may be forgiven if the project attains its Economic Development Goals timely. At December 31, 2002, \$175 was still outstanding.
11. In connection with the purchase of the Waterworks in 2002, the City assumed several notes payable. These notes are generally for the purchase of real estate and water rights and mature over terms ranging from 2 to 7 years. At December 31, 2002, a total of \$1,590 was outstanding for all notes.

Annual amounts due on notes payable to maturity are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Waterworks	
	Principal	Interest	Principal	Interest
2003	\$ 7,424	\$ 2,197	\$ 252	\$ —
2004	29,305	1,766	252	—
2005	5,137	838	217	—
2006	38,986	624	217	—
2007	1,443	509	217	—
2008 - 2012	9,391	1,732	435	—
2013 - 2017	1,500	580	—	—
2018 - 2020	900	118	—	—
	<u>\$ 94,086</u>	<u>\$ 8,364</u>	<u>\$ 1,590</u>	<u>\$ —</u>

- C. Barrett Law Bonds:** The City acts as an agent in the collection and repayment of special assessment debt relating to the Barrett Law program. As of December 31, 2002, the total amount of long-term bonds outstanding was \$97. Repayment of the debt is to be made from collections on the assessments. The City is not liable for repayment of this debt and it is acting only as an agent for the property owners and bondholders. In addition, \$3,496 of receivables from homeowners to the City has been recorded for amounts owed to the City for construction of sewers that were primarily funded by State Revolving funds from the State of Indiana. This amount has been deferred for the funds statements.

D. Capital Leases Payable:

Governmental Activities

The City and Marion County jointly lease their office building and parking lot from the Indianapolis-Marion County Building Authority (“Building Authority”), a related party, over a 50-year term expiring in December 2012 (see Note 13). The Building Authority is a separate municipal corporation whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain and manage land, governmental buildings and communication systems for governmental entities within Marion County. The Building Authority has no stockholders nor equity holders, and all bond and note loan proceeds, rentals and other revenues must be disbursed for specific purposes in accordance with provisions of Indiana Code 36.9-13 et. seq. and several trust indentures and loan agreements executed for the security of the holders of the bonds and notes. The facilities are financed through the issuance of general obligation debt. The Building Authority enters into long-term lease agreements with the City and other government entities which provide for sufficient rent to service the debt and offset operating costs. All of the leases contain lease renewals and purchase options. If these options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the properties to the lessees free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority’s leases provides that the government lessee(s) shall be obligated to levy annually, a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. These leases provide for sufficient rent to service the debt and provide for operating costs. The County and City will jointly obtain title to the building and parking lot in the future. The lease requires the City to make annual payments equal to the Building Authority’s debt service requirements (\$0 in 2002) plus the City’s share of building operating and maintenance costs (\$1,536 in 2002). The capitalized cost of the facilities being leased net of depreciation is \$2,556 at December 31, 2002.

In addition, the City leases a central maintenance garage from the Building Authority over a 27-year term (with the option to renew for a like or lesser term) expiring in December 2011. The lease requires that the City make annual payments of \$500 and pay additional rent in an amount sufficient to cover costs of operation and maintenance of the garage. The City will obtain title to the garage at the end of the lease (or renewal) term. Accordingly, the lease is classified as a capital lease with a capitalized cost, net of depreciation, of \$1,591 at December 31, 2002.

The City also leases certain equipment under capital leases expiring through 2008 with a capitalized cost, net of depreciation at December 31, 2002 of \$9,518.

Waterworks

Waterworks leases certain equipment and vehicles under capital leases expiring through 2004. The capitalized cost of the related capital assets, net of depreciation at December 31, 2002 is \$132.

Housing Agency

The Housing Agency has entered into two capital leases to finance the purchase of equipment. At December 31, 2002, the capitalized cost of the related capital assets, net of depreciation was \$569.

In 2002, the Housing Agency entered into an agreement with Energy Systems Group (ESG) for capital improvements to Housing Agency owned properties to enhance energy efficiency (“Energy Savings Project”) and to modernize certain of the Housing Agency’s properties (“Modernization Project”). The agreement calls for both projects to be financed through two separate lease purchase agreements with payments made semi-annually over a twelve (12) year period. As of December 31, 2002, the Housing Agency had executed the lease purchase agreement on the Energy Savings Project with a total liability balance of \$1,741. As of December 31, 2002, expenditures of \$623 had been incurred on the Modernization Project with a remaining commitment to spend \$1,486 in construction. The lease purchase agreement for the Modernization Project had not been executed as of December 31, 2002. Liabilities related to the Modernization Project have been classified as short-term. At December 31, 2002, the capitalized cost, net of related depreciation, of these two projects was \$2,364.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments for both governmental and business-type activities as of December 31, 2002.

	Governmental Activities	Business-type Activities	
		Waterworks	Housing Agency
2003	\$ 2,289	\$ 56	\$ 483
2004	1,605	21	216
2005	1,058	—	216
2006	1,016	—	195
2007	1,016	—	195
2008 - 2012	158	—	973
2013 - 2014	—	—	380
	<u>7,142</u>	<u>77</u>	<u>2,658</u>
Less amount representing interest	<u>(960)</u>	<u>(8)</u>	<u>(606)</u>
Present value of net minimum lease payments	<u>\$ 6,182</u>	<u>\$ 69</u>	<u>\$ 2,052</u>

- E. Unfunded Pension Obligations:** As discussed in Note 16, the Police and Firefighters (City) Pension Plans are funded on a “pay-as-you-go” basis.
- F. Compensated Absences Payable:** A long-term liability for benefit and sick leave earned but not paid of \$18,220 at December 31, 2002, is recorded in the government-wide statements. Compensated absences are generally liquidated by the general fund.
- G. Settlement Payable:** The settlement payable represents an amount the City has agreed to pay to the EPA as a result of an audit conducted by the EPA on grant funds received several years ago. The City will repay the total settlement of \$2,806 over the next three years out of the sanitary capital projects fund.
- H. Conduit Debt:** From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition, rehabilitation, and construction of industrial, commercial and housing facilities and projects deemed to be in the public interest. The bonds are secured by the property financed. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, the City-County Council had approved 64 series of Economic Development Revenue Bonds for a total not to exceed \$603,315. In 2002, of the not to exceed amount of \$51,405 that was approved by the City-County Council, \$6,105 of bonds were issued. The aggregate principal amount still outstanding could not be determined.

11. Short-term Debt Analysis

Tax Anticipation Warrants were issued on the taxes levied in 2001 and collected in 2002. The City-County Council authorizes the temporary borrowing pending the receipt of taxes levied and repayment of loans on June 30 and December 31 of the year borrowed. This procedure assures the City of sufficient funds for operating expenses between the property tax distribution dates.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

Departments	Balance December 31, 2001	Issued	Redeemed	Balance December 31, 2002
Police General principal	\$ —	\$ 29,772	\$ 29,772	\$ —
Fire General principal	—	18,632	18,632	—
Park General principal	—	7,716	7,716	—
Total	<u>\$ —</u>	<u>\$ 56,120</u>	<u>\$ 56,120</u>	<u>\$ —</u>

12. Fund Balance

Included in the City's General Fund are financial activities of certain districts within the City. These districts generally involve the collection of fees and taxes for the purposes of the district and their use is limited to those purposes. The City tracks these activities by utilizing accounts within the General Fund. Below represents a breakdown of the components of the General Fund fund balance by each account:

	Reserved for Encumbrances	Unreserved	Total
Consolidated County	\$ 4,973	\$ 30,769	\$ 35,742
Redevelopment	2,109	553	2,662
Solid Waste Collection	694	13,225	13,919
Solid Waste Disposal	2,435	11,677	14,112
Sanitation	11,143	54,560	65,703
Maintenance Operation	74	450	524
Transportation	10,513	20,632	31,145
Police	367	18,302	18,669
Fire	1,906	9,004	10,910
Park	913	1,134	2,047
Stormwater	618	3,778	4,396
Total	<u>\$ 35,745</u>	<u>\$ 164,084</u>	<u>\$ 199,829</u>

13. Joint Venture

The Indianapolis-Marion County Building Authority (Building Authority) is a joint venture of Marion County and the City of Indianapolis. See Note 10.D for further discussion on the Building Authority. The City's share of the joint venture consists primarily of 42% of the City-County Building (determined by occupancy), and 100% of the Municipal Garage, Belmont Garage, Public Safety Communications System, Public Safety Training Academy, and Public Safety Properties. The various portions of

Building Authority facilities are leased to other units of government and private parties. The County's share of the joint venture consists primarily of 58% of the City-County Building (determined by occupancy), and 100% of the Marion County Jail and Jail II, Juvenile Detention Center, and Sheriff's Roll Call Site.

The Building Authority has various long-term debt obligations, which are secured by the rent payments received from the City and County. During 2002, the City paid approximately \$5,148 in rent. The amount of the Building Authority's principal's current portion and long-term debt portion at June 30, 2002 was \$3,915 and \$35,820 respectively. The amount of accumulated net revenues retained in operation accounts at June 30, 2002 was \$62,266 and the amount of accumulated net revenues retained and used for building, site and project costs and related debt service was \$30,694.

A copy of the separately issued financial statements of the Building Authority for the year ended June 30, 2002, which is prepared on a basis other than generally accepted accounting principles, is available upon request.

14. Contingent Liabilities and Commitments

- A. Various lawsuits are pending against the City. In the opinion of the City's Corporation Counsel, the aggregate potential loss on all outstanding litigation was estimated to be \$1,323. This amount has been accrued for in the Internal Service Fund. This opinion concurs with the Indiana law limiting the liability of municipalities to \$300 per person and \$5,000 per occurrence.
- B. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.
- C. The City has a service agreement with the owner of a resource recovery facility and has guaranteed a certain amount of "acceptable waste" to be delivered each year to the facility. Revenues for the facility are generated by (1) charging tipping fees for accepting, processing and/or disposing of the guaranteed tonnage, (2) recovering energy and other resources therefrom and (3) payment by the City of the service fee under the Service Agreement. The service fee is equal to (1) the debt service plus (2) the facility's operation and maintenance charge plus (3) certain pass through costs, less (4) a recovered resources credit (initially from sale of steam to the local electric company). Additional "acceptable waste" above the guaranteed tonnage is processed for a fee as defined in the service agreement. The City imposes a user fee to offset the cost of solid waste disposal. Included in the General Fund is \$7,306 of cash with fiscal agent which represents excess monies from the surplus account that is utilized to account for differences in the guaranteed fee amounts.
- D. Winding River Park currently has a \$1.0 million note payable for golf course improvements with Republic Savings Bank which the City has signed as a guarantor. The City is liable for payment only if the golf course operator ceases to be in business. At such time, the City will make payment on the remaining balance. As of December 31, 2002, the golf course is current on its payments and it does not appear that the City will have any liability in conjunction with this note.
- E. Eagle Creek Golf Course currently has a \$2.4 million note payable for golf course improvements with Republic Savings Bank which the City has signed as a guarantor. The City is liable for payment only if the golf course operator ceases to be in business. At such time, the City will make payment on the remaining balance. As of December 31, 2002, the golf course is current on its payments and it does not appear that the City will have any liability in conjunction with this note.
- F. Smock Golf Course currently has a \$.9 million note payable for golf course improvements with Republic Savings Bank which the City has signed as a guarantor. The City is liable for payment only if the golf course operator ceases to be in business. At such time, the City will make payment on the remaining balance. As of December 31, 2002, the golf course is current on its payments and it does not appear that the City will have any liability in conjunction with this note.
- G. The City has an agreement with a contractor to provide the operation and maintenance of the Belmont and Southport advanced wastewater treatment facilities. The contractor provides all personnel, supplies and other items necessary to operate the advanced wastewater treatment facilities. In addition, the contractor is responsible for the routine, preventative and corrective maintenance of the facilities. The agreement specifies an annual base fee to be paid to the contractor and expires in 2007. In 2002, the base fee paid to the contractor was \$17,679.
- H. The City has an agreement with a contractor to provide the operation and maintenance of the sewer and collection system and the maintenance of the Eagle Creek Dam. The contractor provides all personnel, supplies and other items necessary to operate the collection system and maintain the dam. In addition, the contractor is

responsible for the routine, preventative and corrective maintenance of the facilities. The agreement specifies an annual base fee to be paid to the contractor and expires in 2007. In 2002, the base fee paid to the contractor was \$5,575.

- I. The City entered into an agreement on March 21, 2002 with U.S. Filter to operate and maintain the water utility. The contract was effective April 30, 2002 and has a term of twenty (20) years. The agreement provides for the City to pay an annual fixed fee of \$33,303 in the first year of the agreement and additional incentive payments up to \$8,400. Additionally, the agreement provides that the City pay an additional \$332 per month for each month that the City owned Utility Data Corporation (UDC), a billing subsidiary of IWCR. The City owned UDC through October 31, 2002 at which time the City sold the business to U.S. Filter effective November 1, 2002. In 2002, the total amount paid to U.S. Filter under the management agreement was \$29,330. The annual fixed fee is adjusted annually effective each January 1 by an amount equal to the product of the fixed fee for the previous year times the lesser of (i) 2.5% or (ii) 88.6% of the annual increase in the Consumer Price Index ("CPI"). After the fifth year of the contract, the fixed fee is adjusted annually by an amount equal to 88.6% of the annual increase in the CPI. The adjustment effective January 1, 2003 was .9746%.
- J. The City has proposed a Combined Sewer Overflow Long Term Control Plan that is being reviewed by the U. S. Environmental Protection Agency ("EPA") and the Indiana Department of Environmental Management. This long-term plan will cost approximately \$1,000,000 over a period of 20 years. The City entered into an agreement with a contractor to assist in the overall management of the initial phase of the proposed program. The total amount of the contract for a three year period is \$16,000. The total amount spent in 2002 for the contract was \$750.
- K. As indicated in Note 1.D, the Waterworks is rate-regulated by the IURC in connection with their purchase of the Waterworks. As of December 31, 2002 no regulatory assets or liabilities have been recorded by the City. Due to the unusual nature of this purchase transaction (municipality purchasing a privately-owned entity), there is little precedent as to the manner in which the IURC will treat deferred assets and liabilities that had been previously recorded by NiSource or the cost of acquiring the rights to operate the system. Future rulings by the IURC could result in regulatory assets or liabilities being recorded by the City.
- L. In connection with the City's purchase of the Waterworks, two lawsuits have been filed. The first lawsuit has been filed by employees of U.S. Filter and retirees of IWCR claiming that employee benefits have been reduced by U.S. Filter. The second lawsuit has been filed on behalf of three taxpayers and residents of the City. The suit requests the state court to find that the City violated state law by establishing the Department of Waterworks and placing the assets of the IWCR in the Department of Waterworks instead of in the Department of Public Utilities (not a part of or related to the City). The City plans to vigorously defend both lawsuits and it is the opinion of the City that these matters will not have a materially adverse effect on the financial position of the City.
- M. The Waterworks is subject to pollution control and water quality control regulations, including those issued by the EPA, the Indiana Department of Environmental Management (IDEM), the Indiana Water Pollution Control Board and the Indiana Department of Natural Resources. From time to time, the Waterworks is involved in environmental matters and claims incidental to its business and management of the City believes that the outcome of these matters will not have a material adverse effect, either individually or in the aggregate.

15. Related Party Transactions

The legislative body of the City is the same in several respects as that of Marion County, and the position of the County Executive is the same as the Mayor of Indianapolis. The County provides certain information and telephone services to the City. During the year, the City incurred approximately \$17,762 in costs of which approximately \$4,950 is due to Marion County at December 31, 2002 for these services. In addition, the City owed Marion County \$602 for traffic tickets, \$986 for 911 dispatch service, \$603 for security services, and \$117 for additional County jail beds. In 2002, the City paid \$3,945 of 911 dispatch fees to the County. At December 31, 2002, the County owed the City \$659 in deferral fees, \$148 in diversion fees, \$806 for fuel charges, and \$255 for court costs. In addition, the City and Marion County both act in capacities of pass through and subrecipient agents for federal and state grants.

The City and County purchase certain insurance policies which cover risks of both entities. The City and County pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County including purchasing, legal and other general administration. The City funds such services through a county-wide tax levy. The County does not compensate the City for these services. Conversely, the County provides, at no compensation, criminal, civil, juvenile and probate court services to all municipalities and unincorporated areas in Marion County and administers the property tax administration and collection system for the same jurisdictions and the County jail and lockup.

16. Pension Plans

City employees are covered under one of the following defined benefit Public Employees' Retirement Systems (PERS):

A. Plan Descriptions

1. Police and Firefighters (PERF) Plan

Certain police and firefighters are covered by a statutory cost-sharing multiple-employer retirement system. This plan covers all police and firefighters hired after April 30, 1977 or hired before May 1, 1997, who have elected to covert to this plan, and is administered by the Public Employees' Retirement Fund of Indiana (PERF).

State statute regulates the operations of the system, including benefits, vesting, and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The plan also provides for certain death and disability benefits. The Public Employees' Retirement Fund of Indiana issues a publicly available financial report that includes financial statements and required supplementary information for the City's Police and Firefighters (PERF) Plan, the Police and Firefighters (City) Plans, and the All Other City Employees Plans. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

Covered employees are required to contribute six percent of their compensation. The amount of the employer's contribution is determined by PERF based on a valuation using the entry age normal cost method. The rate of employer contribution is twenty-one percent of each employees' annual compensation. The City's contributions to the plan for the year ending December 31, 2002, 2001 and 2000 were \$14,368, \$11,916 and \$12,824, respectively, equal to the required contributions for the year.

2. Police and Firefighters (City) Plans

The City also maintains single-employer retirement plans covering police and firefighters hired on or before April 30, 1977. Retirement benefits are available after twenty years of service. State statute grants authority for these pension plans and sets the regulations covering benefits. Participants contribute 5% and the City contributes 1% (total of 6%) of base salary, defined as the salary of a first class police officer or a first class firefighter in 2002. As these salaries increase year by year, benefits are directly adjusted. After participant contributions and state pension relief amounts are projected, property taxes and county option income taxes are levied to provide funding for the anticipated benefit payments for the year budgeted, resulting in benefit payments funded on a "pay-as-you-go" basis. No significant plan assets are accumulated for the payment of future benefits, except as discussed below.

3. All Other City Employees Plans

The City contributes to another plan administered by PERF for all other City employees, which is an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana, in accordance with Indiana Codes 5-10.2 and 5-10.3.

Except for police and firefighters, all full-time employees are eligible to participate in this plan. Benefits vest after ten years of service. City employees who retire at or after age sixty-five with ten years of credited service are entitled to an annual retirement, payable monthly for life. City employees who have reached fifty years of age and have fifteen years of credited service will qualify for early retirement with reduced benefits. PERF also provides for death and disability benefits. These benefit provisions and all other requirements are established by state statute.

A contribution of three percent of each employee's annual compensation is required, which is paid by the City. In addition, the City is required to contribute amounts necessary to fund this plan, using the entry age normal cost method as specified by state statute. The City-financed pension benefits are classified as defined benefits and the employee-financed pension benefits are classified as defined contributions and depend on the amount contributed by the employee plus accumulated investment earnings.

All assets of the plan are held by and invested by PERF. Investments are mainly in obligations of the U.S. government and federal agencies and in equity securities.

B. Funding Status and Progress

The following schedules are derived from the respective actuarial reports and City information for the four pension plans as of December 31, 2002 and with regard to contributions for 2002, based on the January 1, 2002 actuarial report.

Census data for the three plans are as follows:

	Police and Firefighters (City) (3)	Police and Firefighters (PERF)	All Other City Employees
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits (2)	<u>1,714</u>	<u>233 (1)</u>	<u>280 (1)</u>
Current employees:			
Vested (2)	414	162	972
Nonvested (2)	<u>—</u>	<u>1,241</u>	<u>860</u>
Total	<u>414</u>	<u>1,403</u>	<u>1,832</u>

(1) Number does not include retirees and beneficiaries currently receiving benefits since PERF pays those benefits from a separate plan.

(2) Amounts presented are not in thousands.

(3) Census data not separately available for police and firefighters (City) plans.

The significant actuarial assumptions used to determine the net pension obligation are summarized below:

Assumptions	Police and Firefighters (City)	Police and Firefighters (PERF)	All Other City Employees
Rate of return on present and future assets	6.8%	7.5%	7.25%
Inflation rate	5.0%	5.0%	**
Salary increase as a result of inflation (compounded annually)	5.0%	5.0%	2.0%
Salary increase as a result of seniority and/or merit adjustments (compounded annually)	0.0%	0.0%	3.0%
Annual postretirement benefit increases	5% for nonconverted and 3% for converted	3.0%	2.0%
Asset valuation method	N/A	Smoothed basis	75% of expected actuarial value plus 25% of market value
Amortization method	level dollar	level dollar	level dollar
Amortization period	closed - 40 years	closed -30 years	closed - 40 years*

* A 30 year amortization period is being phased in commencing July 1, 1998.

** Based on PERF experience 1995 – 2001 (revised from 5%).

The calculation of the annual pension cost and net pension obligation is as follows:

	Police (City)	Firefighters (City)	Total
Actuarial valuation date	January 1, 2002 (1)	January 1, 2002 (1)	
Annual required contribution	\$ 47,953	\$ 41,930	\$ 89,883
Interest on net pension obligation	9,329	8,067	17,396
Adjustment to annual required contribution	(14,861)	(12,851)	(27,712)
Annual pension cost	42,421	37,146	79,567
Contributions made	21,893	19,172	41,065
Increase in net pension obligation	20,528	17,974	38,502
Cumulative pension obligation beginning of year	138,212	119,513	257,725
Net pension obligation end of year	\$ 158,740	\$ 137,487	\$ 296,227

(1) The actuarial calculation for the plan year ending December 31, 2002 has not been performed however, the City has estimated the liability as of December 31, 2002 based on past experience. Amounts for the 2002 plan year valuation will be trued up when the actuarial valuation is completed.

	All Other City Employees
Actuarial valuation date	June 30, 2002
Annual required contribution	\$ 477
Interest on net pension obligation	(306)
Adjustment to annual required contribution	333
Annual pension cost	504
Contributions made	(648)
Decrease in net pension obligation	(144)
Cumulative pension asset beginning of year	(4,228)
Net pension asset end of year	\$ (4,372)

C. Contribution Requirements and Contributions Made

Except for the Police and Firefighters (City) Plans, the funding policies of the PERS provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Police and Firefighter (City), the Other City Employees Plan and the Police and Firefighters (PERF) Plan use the entry age normal cost method to determine the contribution requirements.

	Methods and Assumptions	
	Actuarial Funding Method	Period to Amortize Unfunded Actuarial Accrued Liability
Police and Firefighters (City) Plan	Entry Age Normal Cost	40
Police and Firefighters (PERF) Plan	Entry Age Normal Cost	30
All Other City Employees Plan	Entry Age Normal Cost	40*

* A 30 year amortization period is being phased in commencing July 1, 1998.

The present value of expected future funding to be received from the State of Indiana for pension relief contributions on the City plan for police and firefighters totaled \$320,800 as of January 1, 2002. In 2002, the State of Indiana contributed \$27,033 of pension relief to the Police and Firefighters (City) plans.

CITY OF INDIANAPOLIS
Notes to Financial Statements
(In Thousands)

For the year ended December 31, 2002, the City's total payroll for all employees consists of the following:

Police and Firefighters (City) Plans	\$	22,512
Police and Firefighters (PERF) Plan		76,388
All Other City Employees Plan		60,106
Noncovered employees		<u>3,673</u>
Total payroll	\$	<u><u>162,679</u></u>

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the Police and Firefighters (PERF) Plan showing PERF's progress in accumulating sufficient assets to pay benefits when due is presented in PERF's June 30, 2002 annual report.

The historical trend information for the Police and Firefighters (City) Plans and the All Other City Employees Plan is presented immediately after the notes to the basic financial statements and the budgetary schedules.

Selected trend information for the years ended December 31, 2002, 2001, and 2000 is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police (City) Plan			
2002	\$ 42,421	51.6 %	\$ 158,740
2001	42,455	50.0	138,212
2000	42,380	48.4	116,990
1999	42,462	45.7	95,125
Firefighters (City) Plan			
2002	37,146	51.6	137,487
2001	37,336	49.7	119,513
2000	37,440	48.4	100,747
1999	37,242	46.9	81,417
All Other City Employees Plan			
2002	504	128.6	(4,372)
2001	193	250.5	(4,228)
2000	151	1,043.9	(3,493)

For the Police and Firefighters (City) Plans, the most recent actuarial valuations have been performed as of January 1, 2001 for the plan year ending December 31, 2001. The amounts for 2002 have been estimated based on historical experience. The amounts for the net pension obligation recorded in the government-wide financial statements will be trued up when the actuarial valuation for the plan year ending December 31, 2002 is available.

17. Postretirement Benefits

In connection with the City's purchase of the Waterworks, the City also acquired an obligation for continuing to provide postretirement healthcare and life insurance benefits to certain employees of U.S. Filter. The IURC has directed the City to place funds received from rates for postretirement benefits into restricted funds. For qualifying retirees of U.S. Filter, the medical benefits and life insurance premiums for postretirement benefits are paid from these restricted assets. Effective with the acquisition of the Waterworks, the postretirement plan was amended to allow only employees of U.S. Filter who qualified by December 31, 2004 to be eligible to participate in the plan. The effect of this amendment is shown as a curtailment below.

As a condition of including postretirement costs in rates on an accrual basis, IWCR had established a grantor trust ("Trust"). The Trust provides for transfers to the Trust monthly and subsequent investing and disbursing by the Trust of all amounts received by the City in rates to cover its postretirement obligations. The Trust Agreement contains certain provisions which limit investment activities, provides for annual reporting and, in the event that Trust funds are no longer needed for postretirement purposes, directs payment of the remaining funds to Waterworks' ratepayers. At December 31, 2002, \$10,166 is held in the Trust and included in restricted assets in the accompanying statement of net assets of the Waterworks.

The information that follows on the postretirement benefit plan was obtained from the actuarial valuation of the plan for the year ended December 31, 2002. The actuarial valuation was performed on a calendar year basis and the amounts set forth below were estimated on an eight (8) month basis corresponding with the City's ownership of the Waterworks.

The following table sets forth the change in the plan's accumulated postretirement benefit obligation (APBO) as of December 31, 2002:

Accumulated postretirement benefit obligation at beginning of period	\$ 44,429
Service cost	867
Interest cost	1,958
Benefits paid	(913)
Adjustment	(168)
Actuarial loss	7,443
Curtailment	(7,513)
Accumulated postretirement benefit obligation at end of period	<u>\$ 46,103</u>

The change in the fair value of the plan's assets for the year ended December 31, 2002 is as follows:

Fair value of plan assets at beginning of period	\$ —
City contributions	1,370
Benefits paid	(1,370)
Plan assets at fair value at end of period	<u>\$ —</u>

A discount rate of 6.75% and a pre-Medicare medical trend rate of 12.00% declining to a long-term rate of 5.00% in 2012 were used to determine the APBO at December 31, 2002.

Net periodic postretirement benefit costs for the year ended December 31, 2002 include the following components:

Service costs	\$	867
Interest costs		1,958
Amortization of transition obligation		551
Loss		290
	\$	<u>3,666</u>

Assumptions used in the determination of 2002 net periodic postretirement benefits costs were as follows:

Discount rate	7.50 %
Rate of increase in compensation levels	4.00
Assumed annual rate of increase in healthcare benefits	12.00
Assumed ultimate trend rate	5.00

The effect of a 1% increase in the assumed healthcare cost trend rates for each future year would increase the accumulated postretirement benefit obligation at December 31, 2002 by approximately \$7,000, and increase the aggregate of the service and interest cost components of plan costs by approximately \$750 for the year ended December 31, 2002 by approximately \$5,660 and decrease the aggregate of the service and interest cost components of plan costs by approximately \$625 for the year ended December 31, 2002. Amounts disclosed above could be changed significantly in the future by changes in healthcare costs, work demographics, interest rates, or plan changes.

18. Interfund Transactions and Balances

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of interfund receivable and payable balances as of December 31, 2002, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grant	\$ 121
Federal Grant	General	<u>76</u>
Total		<u>\$ 197</u>

Interfund transfers for the year ended December 31, 2002 consisted of the following:

Transfers out	Transfers in					Total
	General Fund	Federal Grants Fund	Revenue Debt Service Fund	Sanitary Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ —	\$ 215	\$ 4,096	\$ 1,200	\$ 11,983	\$ 17,494
Federal Grants Fund	396	—	—	—	9	405
Revenue Debt Service Fund	—	—	—	—	2,545	2,545
Sanitary Capital Projects Fund	—	—	—	—	6,400	6,400
Nonmajor Governmental Funds	1,769	—	2,572	—	2,913	7,254
Total transfers out	<u>\$ 2,165</u>	<u>\$ 215</u>	<u>\$ 6,668</u>	<u>\$ 1,200</u>	<u>\$ 23,850</u>	<u>\$ 34,098</u>

Interfund transfers were used to (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them or (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization.

19. Negative Net Assets

The Waterworks enterprise fund had a negative net asset balance of \$3,476 as of December 31, 2002. The fund incurred \$15,000 of interest expense which was borrowed as part of the \$580,000 bond issue to finance the Waterworks purchase.

20. Subsequent Events

On April 21, 2003, the City refinanced the Redevelopment District Limited Recourse Taxable Refunding Note, Series 2000 A in the amount of \$35,583. Final maturity of the 2003 Refinancing Notes is February 1, 2018 and the loan amount is \$35,585.

On July 9, 2003, the City issued the Multipurpose Bonds, Series 2003 A in the amount of \$62,908. The bonds were used to refund \$61,475 of outstanding amounts from eleven bond issues and to provide \$3,490 of new monies for an ongoing City project. The final maturity of the bonds is January 1, 2018.

Required
Supplementary Information

CITY OF INDIANAPOLIS
General Fund
Schedule of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Taxes	\$ 195,496	\$ 196,311	\$ 196,621	\$ 310
Licenses and permits	8,738	8,739	7,876	(863)
Charges for services	106,271	99,598	92,408	(7,190)
Intergovernmental revenues	43,064	45,679	43,222	(2,457)
Traffic violations and court fees	1,726	11,839	13,465	1,626
Intragovernmental revenues	2,493	2,493	1,104	(1,389)
Interest and other operating revenues	7,010	9,023	19,911	10,888
Total revenues	<u>364,798</u>	<u>373,682</u>	<u>374,607</u>	<u>925</u>
Expenditures:				
Current:				
General government	30,122	30,952	29,960	992
Public safety	145,294	151,575	147,460	4,115
Public works	113,238	120,057	114,726	5,331
Health and welfare	4,072	4,012	3,373	639
Cultural and recreation	24,183	26,164	25,536	628
Urban redevelopment and housing	6,461	6,562	5,477	1,085
Economic development and assistance	1,928	2,022	1,839	183
Capital outlays	29,866	47,916	42,137	5,779
Total expenditures	<u>355,164</u>	<u>389,260</u>	<u>370,508</u>	<u>18,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,634</u>	<u>(15,578)</u>	<u>4,099</u>	<u>19,677</u>
Other financing sources and (uses):				
Sales and lease of property	1,582	1,853	1,171	(682)
Transfers in (out)	(16,838)	(16,838)	(17,955)	(1,117)
Total other financing sources and (uses)	<u>(15,256)</u>	<u>(14,985)</u>	<u>(16,784)</u>	<u>(1,799)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(5,622)</u>	<u>(30,563)</u>	<u>(12,685)</u>	<u>17,878</u>
Unreserved fund balance at beginning of year	141,561	107,943	141,553	33,610
Cancellation of purchase orders and other	(4,140)	96,876	20,525	(76,351)
Unreserved fund balance at end of year	<u>\$ 131,799</u>	<u>\$ 174,256</u>	<u>\$ 149,393</u>	<u>\$ (24,863)</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Intergovernmental revenues	36,152	45,174	22,733	(22,441)
Traffic violations and court fees	—	600	321	(279)
Intragovernmental revenues	—	—	—	—
Interest and other operating revenues	—	—	209	209
Total revenues	<u>36,152</u>	<u>45,774</u>	<u>23,263</u>	<u>(22,511)</u>
Expenditures:				
Current:				
General government	45	115	65	50
Public safety	7,908	7,943	6,683	1,260
Public works	—	—	—	—
Health and welfare	1,071	1,214	1,148	66
Cultural and recreation	45	378	295	83
Urban redevelopment and housing	22,804	26,910	22,368	4,542
Economic development and assistance	1,528	2,393	1,379	1,014
Capital outlays	<u>3,761</u>	<u>5,488</u>	<u>4,677</u>	<u>811</u>
Total expenditures	<u>37,162</u>	<u>44,441</u>	<u>36,615</u>	<u>7,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,010)</u>	<u>1,333</u>	<u>(13,352)</u>	<u>(14,685)</u>
Other financing sources and (uses):				
Sales and lease of property	—	—	—	—
Transfers in (out)	<u>1,150</u>	<u>1,150</u>	<u>74</u>	<u>(1,076)</u>
Total other financing sources and (uses)	<u>1,150</u>	<u>1,150</u>	<u>74</u>	<u>(1,076)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>140</u>	<u>2,483</u>	<u>(13,278)</u>	<u>(15,761)</u>
Unreserved fund balance at beginning of year	1,532	725	1,532	807
Cancellation of purchase orders and other	<u>919</u>	<u>(2,985)</u>	<u>12,533</u>	<u>15,518</u>
Unreserved fund balance at end of year	<u>\$ 2,591</u>	<u>\$ 223</u>	<u>\$ 787</u>	<u>\$ 564</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedule of Funding Progress
(In Thousands)

<u>Asset Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Police (City) Plan*						
1/1/2002	\$ —	\$ 438,968	\$ 438,968	—	\$ 10,893	
1/1/2001	—	443,603	443,603	—	9,279	
1/1/2000	—	443,315	443,315	—	10,285	
1/1/1999	—	443,164	443,164	—	11,786	
1/1/1998	—	480,053	480,053	—	12,791	
Firefighters (City) Plan*						
1/1/2002	—	378,485	378,485	—	11,121	
1/1/2001	—	385,318	385,318	—	9,895	
1/1/2000	—	387,700	387,700	—	10,370	
1/1/1999	—	385,485	385,485	—	11,496	
1/1/1998	—	413,366	413,366	—	11,984	
All Other City Employees (PERF) Plan**						
7/1/2002	100,689	88,878	11,811	113 %	63,778	19 %
7/1/2001	109,544	77,073	32,470	142	59,430	55
7/1/2000	105,745	67,734	38,010	156	59,203	64

* Information not available prior to 1998

** Information required for only most recent actuarial valuation and the two preceding valuations

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedule of Employer Contributions
(In Thousands)

		Police and Firefighters (PERF)			All Other City Employees		
		Annual		%	Annual		%
		Required	Percentage		Required	Percentage	
		Contribution	Contributed		Contribution	Contributed	
Plan year ended 6/30							
2002	\$	14,638	100	%	\$	477	136 %
2001		11,916	100			173	536
2000		12,824	100			140	1,128
		Police (City)			Firefighters (City)		
		Annual		%	Annual		%
		Required	Percentage		Required	Percentage	
		Contribution	Contributed		Contribution	Contributed	
Plan year ended December 31							
2002	\$	N/A	N/A	%	\$	N/A	N/A %
2001		46,738	45			41,025	45
2000		45,534	45			40,140	45
1999		44,632	43			39,099	45

N/A - information not available.

CITY OF INDIANAPOLIS

Notes to Required Supplementary Information
(In Thousands)

1. Budgets and Budgetary Accounting

- A) The City is required by state statute and Council ordinance to adopt annual budgets for all Sub-funds of the General Fund; most Special Revenue Funds; all Debt Service Funds; the City Cumulative Capital Development and the County Cumulative Capital Development Capital Projects Funds, and the Police Pension and Fire Pension Trust Funds to the object level of control. These budgets require City-County Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges). In addition, control is achieved for other capital projects funds by the original bond resolutions that are required by state statute to be approved by the City-County Council for all bond issues for taxing units within the consolidated City. These originating bond resolutions serve as the basis for the appropriations for capital projects. These appropriations do not lapse at year end. All other City sources of finance for capital projects are required to be appropriated within the providing City budgetary fund. Control over spending from funds which are not subject to the City-County Council appropriation process is accomplished by the requirement that all disbursements of such funds are made only to a budgeted fund.

The City-County Council may amend appropriations by transferring unencumbered appropriations from one object to another within the same fund, and may also make additional appropriations to the extent of unappropriated fund balances. Transfers of appropriations from one line item to another within the object level of control may be approved by City management. During the year, for the General Fund and the Federal Grants Special Revenue Fund, the following supplementary appropriations were properly approved:

	General Fund	Federal Grants Special Revenue Fund
Original appropriations	\$ 355,164	\$ 37,162
Revisions	<u>34,096</u>	<u>7,279</u>
Revised appropriations	<u>\$ 389,260</u>	<u>\$ 44,441</u>

The budget information disclosed includes the budget ordinances, as amended. Internal charges are recorded as expenditures in one fund and negative expenditures in the receiving fund. Budgeted disbursements may exceed estimated revenues as appropriations contemplate the utilization of beginning fund balances. Except for Capital Projects Funds (excluding Cumulative Capital Development Funds) and certain Special Revenue Funds, unencumbered appropriations lapse with the expiration of the budgetary period. All budgets are prepared on the cash basis of accounting.

- B) The City's procedures in establishing the budget are as follows:

- 1) Prior to July 1, the Department Directors, in conjunction with the Mayor's staff and the City Controller, develop budgets for the subsequent calendar year for the individual divisions within their respective departments.
- 2) In July, the City Controller prepares the budget ordinances which are introduced by the Mayor to the City-County Council at the first August Council meeting. In developing these budgets, the City Controller adds the June 30 cash and investment balances to estimated revenues to be received and expenditures to be incurred July 1 through December 31 in arriving at a December 31 "projected budgetary fund balance." The projected budgetary fund balance and estimated revenues for the ensuing year are reduced by that year's budgeted expenditures in developing the amount to be funded from ad valorem property taxes, to the extent of the maximum levy. By using this procedure, any actual results favorable or unfavorable to those estimated for any year are incorporated into the subsequent year's budget.
- 3) The Council assigns the introduced budgets to the appropriate Council Committees. In August and September, each Council Committee holds public hearings

CITY OF INDIANAPOLISNotes to Required Supplementary Information
(In Thousands)

on the budget of the department or division for which it is responsible.

- 4) Before Council budget ordinances are approved by the Council, they are advertised by the Controller twice in a local newspaper prior to the last Council meeting in September. The Council may not pass a budget above the level advertised. The Mayor may veto separate items of an approved budget ordinance, but the Council may override a veto by a two-thirds vote.
 - 5) The Indiana Department of Local Government Finance makes the final review of the budget. It can revise, reduce or restore on appeal budgets, levies and tax rates removed by the City-County Council. Except for Debt Service Funds, the Indiana Department of Local Government Finance may not increase a budget, levy or tax rate above the level originally advertised. If the budgets seek to exceed the tax limits of the state control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance is required to certify the budgets, levies and rates by January 15.
 - 6) The City's maximum permissible annual ad valorem property tax levy is restricted by Indiana law, with certain adjustments and exceptions, to the prior year's maximum permissible ad valorem property tax levy adjusted by the greater of:
 - (1) Five percent; or
 - (2) The three year average increase in assessed value of all taxable property, to a maximum of ten percent.
- C) Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Pension Trust Funds. Encumbrances do not lapse with the expiration of the budget period. Encumbrances to be financed from future revenues other than approved grant revenues are recorded in their entirety as a reservation of fund balance since they do not constitute expenditures.

CITY OF INDIANAPOLIS

Notes to Required Supplementary Information
(In Thousands)

2. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2002 operations from a budgetary basis to a GAAP basis are as follows:

	General Fund	Federal Grants Special Revenue Fund
	<u> </u>	<u> </u>
Revenues and other financing sources over (under) expenditures and other uses (budgetary basis)	\$ (12,685)	\$ (13,278)
Adjustments:		
Accrued revenues	48,914	17,028
Accrued expenditures	(60,563)	(9,700)
Nonbudgeted funds (net)	—	(764)
Transfers, net	2,626	(264)
Encumbrances	47,982	13,520
Expenditures from prior year encumbrances	<u>(24,893)</u>	<u>(9,575)</u>
Revenues and other financing sources over (under) expenditures and other uses (GAAP basis)	\$ <u>1,381</u>	\$ <u>(3,033)</u>

3. Copy of Pension Plan's Report

The Public Employees' Retirement Fund of Indiana (PERF) issues a publicly available financial report that includes financial statements and required supplementary information for the City's Police and Firefighters (PERF) Plan, the Police and Firefighters (City) Plans, and the All Other City Employees Plans. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

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Additional
Supplementary Information

CITY OF INDIANAPOLIS

Combining Balance Sheet - Nonmajor Governmental Funds by Fund Type

December 31, 2002

(In Thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Equity in pooled cash	\$ 445	\$ 2,669	\$ 10,633	\$ —	\$ 13,747
Cash and investments with fiscal agents	—	22,166	12,134	321	34,621
Investments	3,279	19,358	21,522	—	44,159
Accrued interest receivable	23	145	122	—	290
Property taxes receivable	—	978	552	—	1,530
Accounts receivable, less allowance of	20	4,187	1,392	—	5,599
Due from federal and state governments	167	—	—	—	167
Total assets	<u>\$ 3,934</u>	<u>\$ 49,503</u>	<u>\$ 46,355</u>	<u>\$ 321</u>	<u>\$ 100,113</u>
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>					
Liabilities:					
Matured bonds payable	\$ —	\$ 17,205	\$ —	\$ —	\$ 17,205
Matured interest payable	—	7,561	—	—	7,561
Accounts payable and other accrued liabilities	345	160	3,759	—	4,264
Accrued payroll and payroll taxes	6	—	—	—	6
Deferred revenue	407	4,862	837	—	6,106
Total liabilities	<u>758</u>	<u>29,788</u>	<u>4,596</u>	<u>—</u>	<u>35,142</u>
Equity and other credits:					
Fund balances:					
Reserved for encumbrances	650	—	11,888	—	12,538
Reserved for debt service	—	19,715	—	—	19,715
Unreserved	2,526	—	29,871	321	32,718
Total equity and other credits	<u>3,176</u>	<u>19,715</u>	<u>41,759</u>	<u>321</u>	<u>64,971</u>
Total liabilities, equity and other credits	<u>\$ 3,934</u>	<u>\$ 49,503</u>	<u>\$ 46,355</u>	<u>\$ 321</u>	<u>\$ 100,113</u>

CITY OF INDIANAPOLIS

**Combining Statement of Revenues, Expenditures and Changes In Fund Balances -
Nonmajor Governmental Funds by Fund Type**

Year ended December 31, 2002

(In Thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ —	\$ 32,586	\$ 13,560	\$ —	\$ 46,146
Charges for services	2,198	—	—	—	2,198
Intergovernmental revenues	9,363	—	4,219	—	13,582
Traffic violations and court fees	1,688	—	—	—	1,688
Interest and other operating revenues	96	3,970	843	19	4,928
Total revenues	13,345	36,556	18,622	19	68,542
Expenditures:					
Current:					
General government	236	—	—	7	243
Public safety	448	—	—	—	448
Public works	10,020	—	—	—	10,020
Health and welfare	57	—	—	—	57
Cultural and recreation	396	—	—	—	396
Economic development and assistance	235	—	—	—	235
Debt service:					
Redemption of bonds and notes	—	17,725	2,303	—	20,028
Interest on bonds and notes	—	15,184	—	—	15,184
Bond and note issuance costs	—	—	256	—	256
Operating lease payments and administration	—	16,506	—	—	16,506
Capital outlays	486	—	54,429	—	54,915
Total expenditures	11,878	49,415	56,988	7	118,288
Excess (deficiency) of revenues over (under) expenditures	1,467	(12,859)	(38,366)	12	(49,746)
Other financing sources and (uses):					
Bonds and notes issued	235	—	34,070	—	34,305
Transfers in	—	23,456	394	—	23,850
Transfers out	(1,770)	(2,593)	(2,891)	—	(7,254)
Total other financing sources and uses	(1,535)	20,863	31,573	—	50,901
Net change in fund balances	(68)	8,004	(6,793)	12	1,155
Fund balances at beginning of year as restated	3,244	11,711	48,552	309	63,816
Fund balances at end of year	\$ 3,176	\$ 19,715	\$ 41,759	\$ 321	\$ 64,971

General Fund

The General Fund is used to account for all financial resources of the City of Indianapolis except those required to be accounted for in another fund. Thus, all general operating revenues which are not restricted as to use by sources outside of the City are recorded in the General Fund. Further, as required by statute, the financial resources of the General Fund are accounted for in a series of sub-funds as follows:

Consolidated County -	to account for all financial resources for which the taxpayer base is county-wide
Redevelopment -	to account for all financial resources of the Redevelopment special taxing district for economic development activities
Solid Waste Collection -	to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
Solid Waste Disposal -	to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
Sanitation -	to account for all financial resources of the Sanitation special taxing district for liquid waste services
Flood Control -	to account for all financial resources of the Flood Control special taxing district for flood and surface drainage services
Maintenance Operation -	to account for the financial resources required to perform various maintenance functions by the Department of Public Works
Transportation -	to account for all financial resources of the Metropolitan Thoroughfare special taxing district
Police -	to account for all financial resources of the Police special service district
Fire -	to account for all financial resources of the Fire special service district
Metropolitan Emergency Communications Agency (MECA) -	to account for financial resources of the Public Safety communications facilities district
Park -	to account for all financial resources of the Park special taxing district
Storm Water Management -	to account for all financial resources for stormwater drainage services

CITY OF INDIANAPOLIS

Schedule of Sub-Fund Assets, Liabilities and Fund Balance - General Fund

December 31, 2002

(In Thousands)

	General Fund	Consolidated	Redevelop-	Solid Waste			Flood	Maintenance	Transport-		
	Total	County	ment	Collection	Disposal	Sanitation	Control	Operation	ation	Police	Fire
<u>ASSETS</u>											
Equity in pooled cash	\$ 25,227	\$ 6,178	\$ 325	\$ 1,910	\$ 1,030	\$ 7,254	\$ —	\$ 26	\$ 3,639	\$ 1,781	\$ 1,099
Cash and investments with fiscal agents	7,804	—	6	—	7,306	—	—	492	—	—	—
Investments	186,069	46,138	2,392	13,985	7,564	53,322	—	192	26,619	13,217	8,078
Accrued interest receivable	1,232	306	16	68	39	396	—	—	238	30	32
Property taxes receivable	5,958	878	19	998	—	—	—	—	—	1,775	1,530
Accounts receivable	42,213	4,209	7	343	1,237	10,673	—	—	5,723	9,887	4,112
Allowance for estimated uncollectibles – accounts receivable	(6,506)	—	—	—	(271)	(2,000)	—	—	—	—	—
Due from other funds	121	1	—	—	—	—	—	—	—	120	—
Due from federal and state governments	448	296	—	142	—	—	—	—	9	—	—
Total assets	<u>\$ 262,566</u>	<u>\$ 58,006</u>	<u>\$ 2,765</u>	<u>\$ 17,446</u>	<u>\$ 16,905</u>	<u>\$ 69,645</u>	<u>\$ —</u>	<u>\$ 710</u>	<u>\$ 36,228</u>	<u>\$ 26,810</u>	<u>\$ 14,851</u>
<u>LIABILITIES AND FUND BALANCE</u>											
Liabilities:											
Accounts payable and other accrued liabilities	23,154	\$ 8,746	\$ 58	\$ 2,036	\$ 1,827	\$ 3,237	\$ —	\$ 143	\$ 4,058	\$ 1,978	\$ 471
Accrued payroll and payroll taxes	16,109	11,796	19	151	—	80	—	43	409	1,871	1,226
Due to other funds	76	—	—	—	—	—	—	—	—	76	—
Deferred revenue	23,411	1,722	26	1,340	966	625	—	—	616	4,216	2,244
Total liabilities	<u>62,750</u>	<u>22,264</u>	<u>103</u>	<u>3,527</u>	<u>2,793</u>	<u>3,942</u>	<u>—</u>	<u>186</u>	<u>5,083</u>	<u>8,141</u>	<u>3,941</u>
Fund balance:											
Reserved for encumbrances	35,745	4,973	2,109	694	2,435	11,143	—	74	10,513	367	1,906
Unreserved	164,071	30,769	553	13,225	11,677	54,560	—	450	20,632	18,302	9,004
Total fund balance	<u>199,816</u>	<u>35,742</u>	<u>2,662</u>	<u>13,919</u>	<u>14,112</u>	<u>65,703</u>	<u>—</u>	<u>524</u>	<u>31,145</u>	<u>18,669</u>	<u>10,910</u>
Total liabilities and fund balance	<u>\$ 262,566</u>	<u>\$ 58,006</u>	<u>\$ 2,765</u>	<u>\$ 17,446</u>	<u>\$ 16,905</u>	<u>\$ 69,645</u>	<u>\$ —</u>	<u>\$ 710</u>	<u>\$ 36,228</u>	<u>\$ 26,810</u>	<u>\$ 14,851</u>

(Continued)

CITY OF INDIANAPOLIS

Schedule of Sub-Fund Assets, Liabilities and Fund Balance - General Fund

December 31, 2002

(In Thousands)

		MECA	Park	Storm Water Management
<u>ASSETS</u>				
Equity in pooled cash	\$	—	\$ 1,623	\$ 362
Cash and investments with fiscal agents		—	—	—
Investments		—	11,794	2,768
Accrued interest receivable		—	77	30
Property taxes receivable		—	758	—
Accounts receivable		—	497	5,525
Allowance for estimated uncollectibles – accounts receivable		—	—	(4,235)
Due from other funds		—	—	—
Due from federal and state governments		—	1	—
		<u>—</u>	<u>1</u>	<u>—</u>
Total assets	\$	<u>—</u>	<u>\$ 14,750</u>	<u>\$ 4,450</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable and other accrued liabilities	\$	—	\$ 586	\$ 14
Accrued payroll and payroll taxes		—	461	53
Due to other funds		—	—	—
Deferred revenue		—	11,656	—
		<u>—</u>	<u>12,703</u>	<u>67</u>
Total liabilities		<u>—</u>	<u>12,703</u>	<u>67</u>
Fund balance:				
Reserved for encumbrances		—	913	618
Unreserved		—	1,134	3,765
		<u>—</u>	<u>2,047</u>	<u>4,383</u>
Total fund balance		<u>—</u>	<u>2,047</u>	<u>4,383</u>
Total liabilities and fund balance	\$	<u>—</u>	<u>\$ 14,750</u>	<u>\$ 4,450</u>

CITY OF INDIANAPOLIS

Schedule of Sub-Fund Revenues, Expenditures and Changes in Fund Balance - General Fund

Year ended December 31, 2002

(In Thousands)

	General Fund	Intrafund	Consolidated	Redevelop-	Solid Waste			Flood	Maintenance	Transporta-		
	Total	Eliminations	County	ment	Collection	Disposal	Sanitation	Control	Operation	tion	Police	Fire
Revenues:												
Taxes	\$ 216,930	\$ —	\$ 22,958	\$ 732	\$ 24,761	\$ —	\$ —	\$ —	\$ —	\$ 8,461	\$ 84,439	\$ 57,594
Licenses and permits	7,997	—	7,872	—	—	—	55	—	—	—	69	1
Charges for services	105,215	—	9,504	18	118	9,536	69,308	—	—	608	2,084	620
Other intergovernmental revenues:												
Federal revenues	3,085	—	887	501	586	—	3	—	10	1,118	(75)	6
State revenues	65,902	—	4,519	—	—	—	—	—	64	32,495	18,690	10,134
Other revenues	1,782	—	60	—	—	—	—	—	—	197	687	774
Intragovernmental revenue	1,991	—	1,991	—	—	—	—	—	—	—	—	—
Traffic violations and court fees	2,487	—	538	30	289	—	7	—	—	—	1,623	—
Interest and other operating revenues	9,231	—	2,026	396	476	329	2,178	(36)	11	1,919	780	165
Total revenues	<u>414,620</u>	<u>—</u>	<u>50,355</u>	<u>1,677</u>	<u>26,230</u>	<u>9,865</u>	<u>71,551</u>	<u>(36)</u>	<u>85</u>	<u>44,798</u>	<u>108,297</u>	<u>69,294</u>
Expenditures:												
Current:												
General government	28,924	—	28,922	—	—	—	—	—	—	2	—	—
Public safety	202,822	—	10,524	—	2,101	—	—	1,137	—	—	115,222	73,226
Public works	107,784	—	2,726	—	21,571	9,703	41,605	—	(37)	30,557	—	—
Health and welfare	3,121	—	1,586	—	344	—	1,115	—	—	76	—	—
Cultural and recreation	25,376	—	1,250	—	413	—	—	—	—	1,431	—	—
Urban redevelopment and housing	5,154	—	3,386	1,040	475	—	—	—	—	253	—	—
Economic development and assistance	1,702	—	1,702	—	—	—	—	—	—	—	—	—
Debt service:												
Redemption of bonds and notes	999	—	256	—	461	—	—	—	—	146	44	1
Interest on bonds and notes	361	—	(12)	—	10	—	18	—	—	3	187	102
Capital outlay	31,739	—	1,269	41	667	—	3,863	10	266	22,612	577	980
Total expenditures	<u>407,982</u>	<u>—</u>	<u>51,609</u>	<u>1,081</u>	<u>26,042</u>	<u>9,703</u>	<u>46,601</u>	<u>1,147</u>	<u>229</u>	<u>55,080</u>	<u>116,030</u>	<u>74,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,638</u>	<u>—</u>	<u>(1,254)</u>	<u>596</u>	<u>188</u>	<u>162</u>	<u>24,950</u>	<u>(1,183)</u>	<u>(144)</u>	<u>(10,282)</u>	<u>(7,733)</u>	<u>(5,015)</u>
Other financing sources and (uses):												
Transfers in	2,165	(6,844)	601	—	—	—	—	—	—	351	3,281	3,350
Transfers out	(17,494)	6,844	(111)	—	—	—	(17,446)	(1,426)	(267)	(39)	(62)	—
Total other financing sources and uses	<u>(15,329)</u>	<u>—</u>	<u>490</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(17,446)</u>	<u>(1,426)</u>	<u>(267)</u>	<u>312</u>	<u>3,219</u>	<u>3,350</u>
Special and extraordinary items:												
Special item	10,072	—	—	—	—	—	—	—	—	—	6,750	3,322
Net change in fund balance	1,381	—	(764)	596	188	162	7,504	(2,609)	(411)	(9,970)	2,236	1,657
Fund balance at beginning of year	198,435	—	36,506	2,066	13,731	13,950	58,199	2,609	935	41,115	16,433	9,253
Fund balance at end of year	<u>\$ 199,816</u>	<u>\$ —</u>	<u>\$ 35,742</u>	<u>\$ 2,662</u>	<u>\$ 13,919</u>	<u>\$ 14,112</u>	<u>\$ 65,703</u>	<u>\$ —</u>	<u>\$ 524</u>	<u>\$ 31,145</u>	<u>\$ 18,669</u>	<u>\$ 10,910</u>

(Continued)

CITY OF INDIANAPOLIS

Schedule of Sub-Fund Revenues, Expenditures and Changes in Fund Balance - General Fund

Year ended December 31, 2002

(In Thousands)

	MECA	Park	Storm Water Management
Revenues:			
Taxes	\$ —	\$ 17,985	\$ —
Licenses and permits	—	—	—
Charges for services	—	4,189	9,230
Other intergovernmental revenues:			
Federal revenues	—	7	42
State revenues	—	—	—
Other revenues	—	64	—
Intragovernmental revenue	—	—	—
Traffic violations and court fees	—	—	—
Interest and other operating revenues	11	656	320
Total revenues	<u>11</u>	<u>22,901</u>	<u>9,592</u>
Expenditures:			
Current:			
General government	—	—	—
Public safety	—	—	612
Public works	—	—	1,659
Health and welfare	—	—	—
Cultural and recreation	—	22,282	—
Urban redevelopment and housing	—	—	—
Economic development and assistance	—	—	—
Debt service:			
Redemption of bonds and notes	—	83	8
Interest on bonds and notes	—	53	—
Capital outlay	—	1,434	20
Total expenditures	<u>—</u>	<u>23,852</u>	<u>2,299</u>
Excess (deficiency) of revenues over expenditures	<u>11</u>	<u>(951)</u>	<u>7,293</u>
Other financing sources and (uses):			
Transfers in	—	—	1,426
Transfers out	(651)	—	(4,336)
Total other financing sources and uses	<u>(651)</u>	<u>—</u>	<u>(2,910)</u>
Special and extraordinary items:			
Special item	—	—	—
Net change in fund balance	(640)	(951)	4,383
Fund balance at beginning of year	<u>640</u>	<u>2,998</u>	<u>—</u>
Fund balance at end of year	<u>\$ —</u>	<u>\$ 2,047</u>	<u>\$ 4,383</u>

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	Total General Fund		Consolidated County		Redevelopment		Solid Waste Collection	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:								
Taxes	\$ 196,311	\$ 196,621	\$ 23,345	\$ 22,958	\$ 615	\$ 743	\$ 25,021	\$ 24,761
Licenses and permits	8,739	7,876	8,562	7,764	—	—	—	—
Charges for services	99,598	92,408	8,317	7,791	3	18	141	118
Other intergovernmental revenues:								
Federal revenues	2,928	2,084	328	448	—	—	—	447
State revenues	40,882	39,462	3,848	4,476	—	—	—	—
Other revenues	1,869	1,676	140	60	—	—	—	—
Traffic violations and court fees	11,839	13,465	2,604	2,076	—	25	135	289
Intragovernmental revenues	2,493	1,104	2,493	1,104	—	—	—	—
Interest and other operating revenues	9,023	19,911	2,853	2,301	49	90	600	568
Total revenues	<u>373,682</u>	<u>374,607</u>	<u>52,490</u>	<u>48,978</u>	<u>667</u>	<u>876</u>	<u>25,897</u>	<u>26,183</u>
Expenditures:								
Current:								
General government	30,952	29,960	30,952	29,960	—	—	—	—
Public safety	151,575	147,460	11,873	10,282	—	—	2,421	2,101
Public works	120,057	114,726	2,772	2,770	—	—	22,624	22,037
Health and welfare	4,012	3,373	1,878	1,705	—	—	446	422
Cultural and recreation	26,164	25,536	1,250	1,250	—	—	185	439
Urban redevelopment and housing	6,562	5,477	4,362	3,492	1,050	973	500	464
Economic development and assistance	2,022	1,839	1,922	1,839	100	—	—	—
Capital outlays	47,916	42,137	2,145	1,681	257	41	1,869	1,137
Total expenditures	<u>389,260</u>	<u>370,508</u>	<u>57,154</u>	<u>52,979</u>	<u>1,407</u>	<u>1,014</u>	<u>28,045</u>	<u>26,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,578)</u>	<u>4,099</u>	<u>(4,664)</u>	<u>(4,001)</u>	<u>(740)</u>	<u>(138)</u>	<u>(2,148)</u>	<u>(417)</u>
Other financing sources and (uses):								
Sales and lease of property	1,853	1,171	51	26	895	352	160	48
Transfers in (out)	(16,838)	(17,955)	420	393	—	—	—	—
Total other financing sources and (uses)	<u>(14,985)</u>	<u>(16,784)</u>	<u>471</u>	<u>419</u>	<u>895</u>	<u>352</u>	<u>160</u>	<u>48</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(30,563)</u>	<u>(12,685)</u>	<u>(4,193)</u>	<u>(3,582)</u>	<u>155</u>	<u>214</u>	<u>(1,988)</u>	<u>(369)</u>
Unreserved fund balance at beginning of year	107,943	141,553	20,012	32,552	170	1,687	9,207	13,194
Cancellation of purchase orders and other	96,876	20,525	19,127	2,855	3,778	529	11,895	353
Unreserved fund balance at end of year	<u>\$ 174,256</u>	<u>\$ 149,393</u>	<u>\$ 34,946</u>	<u>\$ 31,825</u>	<u>\$ 4,103</u>	<u>\$ 2,430</u>	<u>\$ 19,114</u>	<u>\$ 13,178</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	Solid Waste Disposal		Sanitation		Flood Control		Maintenance Operation	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	117	55	—	—	—	—
Charges for services	10,200	10,712	62,281	57,693	—	—	—	—
Other intergovernmental revenues:								
Federal revenues	—	—	—	3	—	—	—	10
State revenues	—	—	—	—	—	—	—	443
Other revenues	—	—	—	—	—	—	—	—
Traffic violations and court fees	—	—	8,100	9,787	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—	—	—
Interest and other operating revenues	200	190	2,390	2,536	—	—	—	(32)
Total revenues	<u>10,400</u>	<u>10,902</u>	<u>72,888</u>	<u>70,074</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>421</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—
Public works	13,622	11,946	46,913	46,082	—	—	—	—
Health and welfare	—	—	1,608	1,166	—	—	—	—
Cultural and recreation	—	—	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	9,911	9,365	—	—	—	—
Total expenditures	<u>13,622</u>	<u>11,946</u>	<u>58,432</u>	<u>56,613</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,222)</u>	<u>(1,044)</u>	<u>14,456</u>	<u>13,461</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>421</u>
Other financing sources and (uses):								
Sales and lease of property	190	185	—	36	—	—	—	—
Transfers in (out)	—	—	(18,375)	(17,446)	—	(725)	—	(176)
Total other financing sources and (uses)	<u>190</u>	<u>185</u>	<u>(18,375)</u>	<u>(17,410)</u>	<u>—</u>	<u>(725)</u>	<u>—</u>	<u>(176)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(3,032)</u>	<u>(859)</u>	<u>(3,919)</u>	<u>(3,949)</u>	<u>—</u>	<u>(725)</u>	<u>—</u>	<u>245</u>
Unreserved fund balance at beginning of year	3,471	4,873	50,477	49,250	2,221	352	—	—
Cancellation of purchase orders and other	6,846	273	3,763	734	(350)	373	(4,008)	(240)
Unreserved fund balance at end of year	<u>\$ 7,285</u>	<u>\$ 4,287</u>	<u>\$ 50,321</u>	<u>\$ 46,035</u>	<u>\$ 1,871</u>	<u>\$ —</u>	<u>\$ (4,008)</u>	<u>\$ 5</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	Transportation		Police		Fire		MECA	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:								
Taxes	\$ 8,000	\$ 11,128	\$ 73,085	\$ 72,284	\$ 47,957	\$ 46,762	\$ —	\$ —
Licenses and permits	—	—	60	56	—	1	—	—
Charges for services	645	591	2,517	2,224	707	638	—	—
Other intergovernmental revenues:								
Federal revenues	2,600	1,100	—	21	—	6	—	—
State revenues	35,047	32,752	1,987	1,791	—	—	—	—
Other revenues	30	4	641	627	981	908	—	—
Traffic violations and court fees	—	—	1,000	1,288	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—	—	—
Interest and other operating revenues	2,624	2,686	145	7,258	15	3,478	—	25
Total revenues	<u>48,946</u>	<u>48,261</u>	<u>79,435</u>	<u>85,549</u>	<u>49,660</u>	<u>51,793</u>	<u>—</u>	<u>25</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	84,758	83,629	51,277	50,233	—	—
Public works	32,275	30,247	—	—	—	—	—	—
Health and welfare	80	80	—	—	—	—	—	—
Cultural and recreation	1,342	1,448	—	—	—	—	—	—
Urban redevelopment and housing	650	548	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	23,925	23,652	732	626	2,546	2,033	—	—
Total expenditures	<u>58,272</u>	<u>55,975</u>	<u>85,490</u>	<u>84,255</u>	<u>53,823</u>	<u>52,266</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,326)</u>	<u>(7,714)</u>	<u>(6,055)</u>	<u>1,294</u>	<u>(4,163)</u>	<u>(473)</u>	<u>—</u>	<u>25</u>
Other financing sources and (uses):								
Sales and lease of property	25	20	78	91	75	24	—	—
Transfers in (out)	—	(2,224)	3,150	3,121	3,350	3,350	—	(651)
Total other financing sources and (uses)	<u>25</u>	<u>(2,204)</u>	<u>3,228</u>	<u>3,212</u>	<u>3,425</u>	<u>3,374</u>	<u>—</u>	<u>(651)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(9,301)</u>	<u>(9,918)</u>	<u>(2,827)</u>	<u>4,506</u>	<u>(738)</u>	<u>2,901</u>	<u>—</u>	<u>(626)</u>
Unreserved fund balance at beginning of year	16,024	25,041	2,534	8,184	885	4,118	—	—
Cancellation of purchase orders and other	36,301	1,486	7,960	3,936	3,908	(105)	1,176	626
Unreserved fund balance at end of year	<u>\$ 43,024</u>	<u>\$ 16,609</u>	<u>\$ 7,667</u>	<u>\$ 16,626</u>	<u>\$ 4,055</u>	<u>\$ 6,914</u>	<u>\$ 1,176</u>	<u>\$ —</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Sub-Fund Revenues, Expenditures and Changes In Fund Balance

Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

	Park		Storm Water Management	
	Final Budget	Actual	Final Budget	Actual
Revenues:				
Taxes	\$ 18,288	\$ 17,985	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	4,487	3,954	10,300	8,669
Other intergovernmental revenues:				
Federal revenues	—	7	—	42
State revenues	—	—	—	—
Other revenues	77	77	—	—
Traffic violations and court fees	—	—	—	—
Intragovernmental revenues	—	—	—	—
Interest and other operating revenues	147	701	—	110
Total revenues	<u>22,999</u>	<u>22,724</u>	<u>10,300</u>	<u>8,821</u>
Expenditures:				
Current:				
General government	—	—	—	—
Public safety	—	—	1,246	1,215
Public works	—	—	1,851	1,644
Health and welfare	—	—	—	—
Cultural and recreation	23,387	22,399	—	—
Urban redevelopment and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Capital outlays	6,482	3,563	49	39
Total expenditures	<u>29,869</u>	<u>25,962</u>	<u>3,146</u>	<u>2,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,870)</u>	<u>(3,238)</u>	<u>7,154</u>	<u>5,923</u>
Other financing sources and (uses):				
Sales and lease of property	211	224	168	165
Transfers in (out)	—	—	(5,383)	(3,597)
Total other financing sources and (uses)	<u>211</u>	<u>224</u>	<u>(5,215)</u>	<u>(3,432)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(6,659)</u>	<u>(3,014)</u>	<u>1,939</u>	<u>2,491</u>
Unreserved fund balance at beginning of year	2,942	2,302	—	—
Cancellation of purchase orders and other	8,419	9,697	(1,939)	8
Unreserved fund balance at end of year	<u>\$ 4,702</u>	<u>\$ 8,985</u>	<u>\$ —</u>	<u>\$ 2,499</u>

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Mayor	Consolidated County			
Personal services		\$ 998	\$ 998	\$ —
Supplies		5	4	1
Other services and charges		189	176	13
Capital outlay		10	9	1
Internal charges		2	1	1
Total		<u>1,204</u>	<u>1,188</u>	<u>16</u>
Internal Audit	Consolidated County			
Personal services		550	511	39
Supplies		5	2	3
Other services and charges		116	105	11
Capital outlay		12	12	—
Internal charges		1	1	—
Total		<u>684</u>	<u>631</u>	<u>53</u>
City-County Council and Council Clerk	Consolidated County			
Personal services		1,038	866	172
Supplies		12	4	8
Other services and charges		1,030	1,001	29
Capital outlay		61	40	21
Total		<u>2,141</u>	<u>1,911</u>	<u>230</u>
Cable Franchise Board	Consolidated County			
Personal services		435	421	14
Supplies		86	57	29
Other services and charges		313	280	33
Capital outlay		330	289	41
Internal charges		2	1	1
Total		<u>1,166</u>	<u>1,048</u>	<u>118</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		\$ 2,655	\$ 2,472	\$ 183
Supplies		28	21	7
Other services and charges		1,271	1,199	72
Capital outlay		45	26	19
Internal charges		(1,278)	(1,278)	—
Total		<u>2,721</u>	<u>2,440</u>	<u>281</u>
Office of the Controller	Consolidated County			
Personal services		1,701	1,671	30
Supplies		18	13	5
Other services and charges		13,531	13,073	458
Capital outlay		45	20	25
Internal charges		4	2	2
Total		<u>15,299</u>	<u>14,779</u>	<u>520</u>
Office of the Controller	Consolidated County			
Purchasing Division				
Personal services		772	735	37
Supplies		6	6	—
Other services and charges		240	171	69
Capital outlay		13	13	—
Total		<u>1,031</u>	<u>925</u>	<u>106</u>
Administrative Services Division	Consolidated County			
Personal services		972	924	48
Supplies		15	14	1
Other services and charges		728	723	5
Capital outlay		47	26	21
Internal charges		77	59	18
Total		<u>1,839</u>	<u>1,746</u>	<u>93</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Human Resource Division	Consolidated County			
Personal services		\$ 1,104	\$ 1,037	\$ 67
Supplies		34	31	3
Other services and charges		531	501	30
Capital outlay		21	17	4
Internal charges		5	5	—
Total		<u>1,695</u>	<u>1,591</u>	<u>104</u>
Equal Opportunity Division	Consolidated County			
Personal services		278	272	6
Supplies		4	3	1
Other services and charges		95	58	37
Capital outlay		3	2	1
Internal charges		3	—	3
Total		<u>383</u>	<u>335</u>	<u>48</u>
Indianapolis Fleet Services	Consolidated County			
Personal services		4,028	4,018	10
Supplies		7,637	6,928	709
Other services and charges		2,957	2,914	43
Capital outlay		345	293	52
Internal charges		(12,119)	(11,002)	(1,117)
Total		<u>2,848</u>	<u>3,151</u>	<u>(303)</u>
Total - Department of Administration		<u>\$ 31,011</u>	<u>\$ 29,745</u>	<u>\$ 1,266</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Metropolitan Development				
Division of Administrative Services	Consolidated County			
Personal services		\$ 169	\$ 155	\$ 14
Supplies		2	1	1
Other services and charges		2,405	2,245	160
Capital outlay		7	5	2
Internal charges		94	15	79
Total		<u>2,677</u>	<u>2,421</u>	<u>256</u>
Division of Administrative Services	Redevelopment			
Personal services		464	402	62
Supplies		6	4	2
Other services and charges		467	422	45
Capital outlay		257	41	216
Internal charges		(57)	(58)	1
Total		<u>1,137</u>	<u>811</u>	<u>326</u>
Community Development and Financial Services	Consolidated County			
Personal services		500	403	97
Supplies		5	2	3
Other services and charges		671	244	427
Capital outlay		24	18	6
Internal charges		(114)	(102)	(12)
Total		<u>1,086</u>	<u>565</u>	<u>521</u>
Community Development and Financial Services	Redevelopment			
Personal services		16	15	1
Other services and charges		254	189	65
Total		<u>270</u>	<u>204</u>	<u>66</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Development and Financial Services	Solid Waste Collection			
Other services and charges		\$ 500	\$ 465	\$ 35
Total		<u>500</u>	<u>465</u>	<u>35</u>
Division of Planning	Consolidated County			
Personal services		806	709	97
Supplies		12	12	—
Other services and charges		494	450	44
Capital outlay		44	44	—
Internal charges		111	111	—
Total		<u>1,467</u>	<u>1,326</u>	<u>141</u>
Division of Planning	Transportation			
Personal services		86	81	5
Supplies		3	1	2
Other services and charges		560	466	94
Capital outlay		5	5	—
Total		<u>654</u>	<u>553</u>	<u>101</u>
Neighborhood Services	Consolidated County			
Personal services		1,425	1,224	201
Supplies		10	9	1
Other services and charges		348	301	47
Capital outlay		47	35	12
Internal charges		(944)	(762)	(182)
Total		<u>886</u>	<u>807</u>	<u>79</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Historic Preservation	Consolidated County			
Personal services		\$ 63	\$ 63	\$ —
Supplies		1	—	1
Other services and charges		17	15	2
Capital outlay		4	3	1
Internal charges		5	5	—
Total		<u>90</u>	<u>86</u>	<u>4</u>
Division of Compliance	Consolidated County			
Personal services		4,465	3,938	527
Supplies		99	63	36
Other services and charges		2,842	2,139	703
Capital outlay		499	432	67
Internal charges		434	434	—
Total		<u>8,339</u>	<u>7,006</u>	<u>1,333</u>
Total - Department of Metropolitan Development		<u>\$ 17,106</u>	<u>\$ 14,244</u>	<u>\$ 2,862</u>
Department of Public Works				
Policy and Planning	Consolidated County			
Personal services		\$ 4,674	\$ 4,598	\$ 76
Supplies		100	65	35
Other services and charges		3,799	2,692	1,107
Capital outlay		182	126	56
Internal charges		(6,774)	(5,711)	(1,063)
Total		<u>1,981</u>	<u>1,770</u>	<u>211</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Policy and Planning	Transportation			
Other services and charges		\$ 80	\$ 80	\$ —
Total		<u>80</u>	<u>80</u>	<u>—</u>
Policy and Planning	Solid Waste Collection			
Personal services		77	57	20
Supplies		3	3	—
Other services and charges		365	362	3
Capital outlay		20	11	9
Total		<u>465</u>	<u>433</u>	<u>32</u>
Policy and Planning	Sanitation			
Personal services		805	516	289
Materials and supplies		33	29	4
Other services and charges		755	612	143
Capital outlay		139	99	40
Internal charges		14	9	5
Total		<u>1,746</u>	<u>1,265</u>	<u>481</u>
Policy and Planning	Storm Water Management			
Other services and charges		84	83	1
Total		<u>84</u>	<u>83</u>	<u>1</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Engineering	Transportation			
Personal services		\$ 1,769	\$ 1,611	\$ 158
Supplies		13	13	—
Other services and charges		7,263	7,255	8
Capital outlay		21,974	21,923	51
Internal charges		1,866	1,194	672
Total		<u>32,885</u>	<u>31,996</u>	<u>889</u>
Engineering	Solid Waste Disposal			
Other services and charges		3,500	2,278	1,222
Internal charges		88	74	14
Total		<u>3,588</u>	<u>2,352</u>	<u>1,236</u>
Engineering	Sanitation			
Personal services		1,116	893	223
Supplies		9	8	1
Other services and charges		865	660	205
Capital outlay		9,772	9,266	506
Internal charges		647	434	213
Total		<u>12,409</u>	<u>11,261</u>	<u>1,148</u>
Engineering	Storm Water Management			
Personal services		280	266	14
Supplies		3	3	—
Other services and charges		648	639	9
Capital outlay		4	3	1
Internal charges		(54)	(62)	8
Total		<u>881</u>	<u>849</u>	<u>32</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operations	Consolidated County			
Other services and charges		\$ 2,665	\$ 2,663	\$ 2
Internal charges		107	107	—
Total		<u>2,772</u>	<u>2,770</u>	<u>2</u>
Operations	Maintenance Operation			
Personal services		1,205	1,164	41
Supplies		225	140	85
Other services and charges		517	500	17
Capital outlay		41	38	3
Internal charges		(1,988)	(1,842)	(146)
Total		<u>—</u>	<u>—</u>	<u>—</u>
Operations	Transportation			
Personal services		11,146	10,714	432
Supplies		3,204	2,657	547
Other services and charges		2,123	1,942	181
Capital outlay		1,946	1,724	222
Internal charges		4,948	5,050	(102)
Total		<u>23,367</u>	<u>22,087</u>	<u>1,280</u>
Operations	Solid Waste Collection			
Personal services		5,291	5,136	155
Supplies		145	134	11
Other services and charges		13,454	13,350	104
Capital outlay		1,849	1,126	723
Internal charges		5,825	5,517	308
Total		<u>26,564</u>	<u>25,263</u>	<u>1,301</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operations	Solid Waste Disposal			
Other services and charges		\$ 9,525	\$ 9,252	\$ 273
Internal charges		509	342	167
Total		<u>10,034</u>	<u>9,594</u>	<u>440</u>
Operations	Sanitation			
Personal services		449	348	101
Other services and charges		41,540	41,540	—
Internal charges		2,288	2,199	89
Total		<u>44,277</u>	<u>44,087</u>	<u>190</u>
Operations	Storm Water Management			
Personal services		1,381	1,274	107
Supplies		42	30	12
Other services and charges		364	364	—
Capital outlay		45	36	9
Internal charges		349	262	87
Total		<u>2,181</u>	<u>1,966</u>	<u>215</u>
Total - Department of Public Works		<u>\$ 163,314</u>	<u>\$ 155,856</u>	<u>\$ 7,458</u>
Department of Public Safety				
Public Safety Administration	Consolidated County			
Personal services		\$ 606	\$ 547	\$ 59
Supplies		6	4	2
Other services and charges		207	153	54
Capital outlay		17	7	10
Internal charges		338	338	—
Total		<u>1,174</u>	<u>1,049</u>	<u>125</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Emergency Management Planning	Consolidated County			
Personal services		\$ 294	\$ 267	\$ 27
Supplies		11	11	—
Other services and charges		207	203	4
Capital outlay		71	39	32
Internal charges		11	11	—
Total		<u>594</u>	<u>531</u>	<u>63</u>
Indianapolis Police Department	Consolidated County			
Personal services		2,666	2,666	—
Supplies		419	186	233
Other services and charges		193	182	11
Capital outlay		26	—	26
Total		<u>3,304</u>	<u>3,034</u>	<u>270</u>
Indianapolis Police Department	Police			
Personal services		68,914	68,899	15
Supplies		856	847	9
Other services and charges		10,375	10,106	269
Capital outlay		732	626	106
Internal charges		4,613	3,777	836
Total		<u>85,490</u>	<u>84,255</u>	<u>1,235</u>
Indianapolis Fire Department	Fire			
Personal services		46,058	45,503	555
Supplies		1,151	1,112	39
Other services and charges		2,320	2,179	141
Capital outlay		2,546	2,033	513
Internal charges		1,748	1,439	309
Total		<u>53,823</u>	<u>52,266</u>	<u>1,557</u>

(Continued)

CITY OF INDIANAPOLIS

General Fund

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Weights and Measures	Consolidated County			
Personal services		\$ 284	\$ 268	\$ 16
Supplies		2	1	1
Other services and charges		33	30	3
Capital outlay		24	3	21
Internal charges		10	6	4
Total		<u>353</u>	<u>308</u>	<u>45</u>
Animal Care and Control	Consolidated County			
Personal services		1,609	1,544	65
Supplies		119	113	6
Other services and charges		459	424	35
Capital outlay		268	222	46
Internal charges		(2,285)	(1,993)	(292)
Total		<u>170</u>	<u>310</u>	<u>(140)</u>
Total - Department of Public Safety		<u>\$ 144,908</u>	<u>\$ 141,753</u>	<u>\$ 3,155</u>
Department of Parks and Recreation	Consolidated County			
Other services and charges		<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ —</u>
Total		<u>1,250</u>	<u>1,250</u>	<u>—</u>
Department of Parks and Recreation	Transportation			
Other services and charges		1,191	1,176	15
Internal charges		95	83	12
Total		<u>1,286</u>	<u>1,259</u>	<u>27</u>

(Continued)

CITY OF INDIANAPOLIS**General Fund****Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis***Year ended December 31, 2002**(In Thousands)*

<u>Department and Division</u>	<u>Budgetary Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Parks and Recreation	Solid Waste Collection			
Other services and charges		\$ 185	\$ 153	\$ 32
Internal charges		331	286	45
Total		<u>516</u>	<u>439</u>	<u>77</u>
Department of Parks and Recreation	Park			
Personal services		14,321	14,246	75
Supplies		1,228	1,185	43
Other services and charges		6,816	5,958	858
Capital outlay		6,482	3,563	2,919
Internal charges		1,022	1,010	12
Total		<u>29,869</u>	<u>25,962</u>	<u>3,907</u>
Total - Department of Parks and Recreation		<u>\$ 32,921</u>	<u>\$ 28,910</u>	<u>\$ 4,011</u>
Total - General Funds - by Department and Division		<u><u>\$ 389,260</u></u>	<u><u>\$ 370,508</u></u>	<u><u>\$ 18,752</u></u>

Nonmajor Special Revenue Funds

The Special Revenue Funds include funds which are restricted as to use by the State government and special purpose funds established by authority of the City-County Council.

Parking -	to account for all parking meter collections; these receipts are used to defray the cost of meter maintenance, the repair of sidewalks and curbs, and the repair of streets
Cable Franchise PEG Grants -	to account for contributions from the two cable franchise agreements to provide for public purpose grants for the capital costs of Public, Educational, or Governmental (PEG) Access Facilities
Grants and Gifts -	to account for all donations from not-for-profit organizations and estates held in a fiduciary capacity until the project for which they have been donated occurs
State of Indiana Grants -	to account for all grants received from the State of Indiana

CITY OF INDIANAPOLIS
Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2002

(In Thousands)

	Parking	Cable Franchise PEG Grants	Grants and Gifts	State of Indiana Grants	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>					
Equity in pooled cash	\$ 295	\$ 66	\$ 4	\$ 80	\$ 445
Cash and investments with fiscal agents	—	—	—	—	—
Investments	2,172	487	26	594	3,279
Accrued interest receivable	18	3	—	2	23
Accounts receivable	—	—	—	20	20
Due from federal and state governments	—	—	—	167	167
Due from other funds	—	—	—	—	—
Long-term receivables	—	—	—	—	—
Allowance for estimated uncollectibles – long-term receivables	—	—	—	—	—
Total assets	<u>\$ 2,485</u>	<u>\$ 556</u>	<u>\$ 30</u>	<u>\$ 863</u>	<u>\$ 3,934</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 68	\$ 150	\$ —	\$ 127	\$ 345
Accrued payroll and payroll taxes	6	—	—	—	6
Deferred revenue	—	—	—	407	407
Total liabilities	<u>74</u>	<u>150</u>	<u>—</u>	<u>534</u>	<u>758</u>
Fund balances:					
Reserved for long-term receivables	—	—	—	—	—
Reserved for encumbrances	566	—	—	84	650
Unreserved	1,845	406	30	245	2,526
Total fund balances	<u>2,411</u>	<u>406</u>	<u>30</u>	<u>329</u>	<u>3,176</u>
Total liabilities and fund balances	<u>\$ 2,485</u>	<u>\$ 556</u>	<u>\$ 30</u>	<u>\$ 863</u>	<u>\$ 3,934</u>

CITY OF INDIANAPOLIS

Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Special Revenue Funds

Year ended December 31, 2002

(In Thousands)

		Cable			Total
		Franchise	Grants and	State of	Nonmajor
	Parking	PEG Grants	Gifts	Indiana Grants	Special Revenue
					Funds
Revenues:					
Charges for services	\$ 2,198	\$ —	\$ —	\$ —	2,198
Other intergovernmental revenues:					—
State revenues	—	—	—	9,363	9,363
Other revenues	—	—	—	—	—
Traffic violations and court fees	1,304	—	—	384	1,688
Interest and other operating revenues	79	17	—	—	96
Total revenues	<u>3,581</u>	<u>17</u>	<u>—</u>	<u>9,747</u>	<u>13,345</u>
Expenditures:					
Current:					
General government	—	—	74	162	236
Public safety	351	—	—	97	448
Public works	710	—	—	9,310	10,020
Health and welfare	—	—	—	57	57
Cultural and recreation	—	368	—	28	396
Urban redevelopment and housing	—	—	—	—	—
Economic development and assistance	—	—	—	235	235
Capital outlay	<u>333</u>	<u>—</u>	<u>—</u>	<u>153</u>	<u>486</u>
Total expenditures	<u>1,394</u>	<u>368</u>	<u>74</u>	<u>10,042</u>	<u>11,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,187</u>	<u>(351)</u>	<u>(74)</u>	<u>(295)</u>	<u>1,467</u>
Other financing sources and (uses):					
Notes issued	—	—	—	235	235
Transfers in	—	—	—	—	—
Transfers out	<u>(1,770)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,770)</u>
Total other financing sources and uses	<u>(1,770)</u>	<u>—</u>	<u>—</u>	<u>235</u>	<u>(1,535)</u>
Special and extraordinary items:					
Special item	—	—	—	—	—
Extraordinary item	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	417	(351)	(74)	(60)	(68)
Fund balances at beginning of year	<u>1,994</u>	<u>757</u>	<u>104</u>	<u>389</u>	<u>3,244</u>
Fund balances at end of year	<u>\$ 2,411</u>	<u>\$ 406</u>	<u>\$ 30</u>	<u>\$ 329</u>	<u>\$ 3,176</u>

CITY OF INDIANAPOLIS

Special Revenue Funds

Combining Schedule of Revenues, Expenditures and Changes In Unreserved Fund Balances (Deficits)

Budget and Actual - Budgetary Basis

year ended December 31, 2002

(In Thousands)

	Parking		Federal Grants		State of Indiana Grants		Totals	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:								
Licenses and permits	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Charges for services	2,250	2,199	—	—	—	—	2,250	2,199
Other intergovernmental revenues:								
Federal revenues	—	—	45,174	22,723	—	2	45,174	22,725
State revenues	—	—	—	10	9,523	9,787	9,523	9,797
Traffic violations and court fees	1,264	1,304	600	321	100	593	1,964	2,218
Interest and other operating revenues	70	93	—	209	—	8	70	310
Total revenues	3,584	3,596	45,774	23,263	9,623	10,390	58,981	37,249
Expenditures:								
Current:								
General government	—	—	115	65	9,617	9,320	9,732	9,385
Public safety	350	350	7,943	6,683	95	95	8,388	7,128
Public works	743	698	—	—	—	—	743	698
Health and welfare	—	—	1,214	1,148	—	—	1,214	1,148
Cultural and recreation	—	—	378	295	35	14	413	309
Urban redevelopment and housing	—	—	26,910	22,368	—	—	26,910	22,368
Economic development and assistance	—	—	2,393	1,379	8	2	2,401	1,381
Capital outlays	757	754	5,488	4,677	44	44	6,289	5,475
Total expenditures	1,850	1,802	44,441	36,615	9,799	9,475	56,090	47,892
Excess (deficiency) of revenues over expenditures	1,734	1,794	1,333	(13,352)	(176)	915	2,891	(10,643)
Other financing sources and (uses), net:								
Sales and lease of property	—	—	—	—	—	—	—	—
Transfers in (out)	(1,770)	(1,770)	1,150	74	—	—	(620)	(1,696)
Total other financing sources and (uses)	(1,770)	(1,770)	1,150	74	—	—	(620)	(1,696)
Revenues over (under) expenditures and other financing sources (uses)	(36)	24	2,483	(13,278)	(176)	915	2,271	(12,339)
Unreserved fund balances (deficits) at beginning of year	1,535	1,745	725	1,532	5	153	2,265	3,430
Cancellation of purchase orders and other	743	54	(2,985)	12,533	1,325	(898)	(917)	11,689
Unreserved fund balances at end of year	\$ 2,242	\$ 1,823	\$ 223	\$ 787	\$ 1,154	\$ 170	\$ 3,619	\$ 2,780

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis
year ended December 31, 2002
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Corporation Counsel	Federal Grants			
Personal services		\$ 99	\$ 60	\$ 39
Supplies		1	—	1
Other services and charges		16	5	11
Capital outlay		4	3	1
Total		<u>120</u>	<u>68</u>	<u>52</u>
Total - Department of Administration		<u>\$ 120</u>	<u>\$ 68</u>	<u>\$ 52</u>
Department of Metropolitan Development				
Division of Administrative Services	Federal Grants			
Personal services		\$ 91	\$ 63	\$ 28
Other services and charges		595	140	455
Capital outlay		34	—	34
Total		<u>720</u>	<u>203</u>	<u>517</u>
Division of Administrative Services	State of Indiana Grants			
Other services and charges		8	2	6
Total		<u>8</u>	<u>2</u>	<u>6</u>
Community Development and Financial Services	Federal Grants			
Personal services		767	697	70
Supplies		3	3	—
Other services and charges		26,148	21,610	4,538
Capital outlay		2,700	2,188	512
Total		<u>29,618</u>	<u>24,498</u>	<u>5,120</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis
year ended December 31, 2002
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Division of Planning	Federal Grants			
Personal services		\$ 1,124	\$ 1,066	\$ 58
Supplies		37	18	19
Other services and charges		1,439	999	440
Capital outlay		20	19	1
Total		<u>2,620</u>	<u>2,102</u>	<u>518</u>
Neighborhood Services	Federal Grants			
Personal services		<u>105</u>	<u>105</u>	<u>—</u>
Total		<u>105</u>	<u>105</u>	<u>—</u>
Historic Preservation	Federal Grants			
Personal services		162	162	—
Supplies		2	1	1
Other services and charges		<u>44</u>	<u>31</u>	<u>13</u>
Total		<u>208</u>	<u>194</u>	<u>14</u>
Total - Department of Metropolitan Development		<u>\$ 33,279</u>	<u>\$ 27,104</u>	<u>\$ 6,175</u>
Department of Public Works				
Policy and Planning	State of Indiana Grants			
Other services and charges		<u>\$ 9,617</u>	<u>\$ 9,320</u>	<u>\$ 297</u>
Total		<u>9,617</u>	<u>9,320</u>	<u>297</u>
Engineering	Parking			
Other services and charges		350	350	—
Capital outlay		750	750	—
Internal charges		<u>66</u>	<u>41</u>	<u>25</u>
Total		<u>1,166</u>	<u>1,141</u>	<u>25</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis
year ended December 31, 2002
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operations	Parking			
Personal services		\$ 258	\$ 256	\$ 2
Supplies		110	98	12
Other services and charges		309	303	6
Capital outlay		7	4	3
Total		<u>684</u>	<u>661</u>	<u>23</u>
Total - Department of Public Works		<u>\$ 11,467</u>	<u>\$ 11,122</u>	<u>\$ 345</u>
Department of Public Safety				
Emergency Management Planning	Federal Grants			
Capital outlay		\$ 4	\$ 3	\$ 1
Total		<u>4</u>	<u>3</u>	<u>1</u>
Indianapolis Police Department	Federal Grants			
Personal services		5,533	4,631	902
Supplies		280	159	121
Other services and charges		1,945	1,793	152
Capital outlay		2,686	2,428	258
Total		<u>10,444</u>	<u>9,011</u>	<u>1,433</u>
Indianapolis Police Department	State of Indiana Grants			
Supplies		15	15	—
Other services and charges		80	80	—
Capital outlay		15	15	—
Total		<u>110</u>	<u>110</u>	<u>—</u>
Indianapolis Fire Department	Federal Grants			
Supplies		46	46	—
Other services and charges		139	54	85
Capital outlay		37	36	1
Total		<u>222</u>	<u>136</u>	<u>86</u>
Total - Department of Public Safety		<u>\$ 10,780</u>	<u>\$ 9,260</u>	<u>\$ 1,520</u>

(Continued)

CITY OF INDIANAPOLIS

Special Revenue Funds

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

year ended December 31, 2002

(In Thousands)

Department and Division	Fund	Final Budget	Actual	Variance
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 105	\$ 90	\$ 15
Supplies		19	(1)	20
Other services and charges		253	206	47
Capital outlay		3	—	3
Total		<u>380</u>	<u>295</u>	<u>85</u>
Department of Parks and Recreation	State of Indiana Grants			
Other services and charges		35	14	21
Capital outlay		29	29	—
Total		<u>64</u>	<u>43</u>	<u>21</u>
Total - Department of Parks and Recreation		<u>\$ 444</u>	<u>\$ 338</u>	<u>\$ 106</u>
Total - Special Revenue Funds - by Department and Division		<u>\$ 56,090</u>	<u>\$ 47,892</u>	<u>\$ 8,198</u>

Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of four of the taxing districts. Nonmajor Debt service requirements are funded generally from property tax revenues and other operating revenues.

Civil City -	to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Civil City
Redevelopment District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facility Authority (MCCRFA) for a leasehold interest in the United Airlines repair facility
MECA -	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
Sanitary District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Sanitary District
Flood Control District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Flood Control District
Metropolitan Thoroughfare District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District
Park District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Park District

CITY OF INDIANAPOLIS

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2002

(In Thousands)

	Civil City	Redevelopment District	MECA	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Total Nonmajor Debt Service Funds
<u>ASSETS</u>								
Equity in pooled cash	\$ 5	\$ 903	\$ 88	\$ 1,547	\$ 13	\$ 91	\$ 22	\$ 2,669
Cash and investments with fiscal agents	375	3,237	2,933	3,871	4,184	6,471	1,095	22,166
Accounts receivable	6	164	369	3,536	—	87	25	4,187
Accrued interest receivable	1	50	10	62	3	16	3	145
Investments	37	6,632	676	11,350	—	499	164	19,358
Property taxes receivable	19	465	192	29	—	206	67	978
	<u>19</u>	<u>465</u>	<u>192</u>	<u>29</u>	<u>—</u>	<u>206</u>	<u>67</u>	<u>978</u>
Total assets	<u>\$ 443</u>	<u>\$ 11,451</u>	<u>\$ 4,268</u>	<u>\$ 20,395</u>	<u>\$ 4,200</u>	<u>\$ 7,370</u>	<u>\$ 1,376</u>	<u>\$ 49,503</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Matured bonds payable	\$ 315	\$ 3,165	\$ 2,180	\$ 3,885	\$ 3,225	\$ 4,200	\$ 235	\$ 17,205
Matured interest payable	54	75	624	2,649	963	2,305	891	7,561
Accounts payable and other accrued liabilities	21	50	—	34	12	5	38	160
Deferred revenue	25	627	260	3,565	—	293	92	4,862
	<u>25</u>	<u>627</u>	<u>260</u>	<u>3,565</u>	<u>—</u>	<u>293</u>	<u>92</u>	<u>4,862</u>
Total liabilities	<u>415</u>	<u>3,917</u>	<u>3,064</u>	<u>10,133</u>	<u>4,200</u>	<u>6,803</u>	<u>1,256</u>	<u>29,788</u>
Fund balances:								
Reserved for debt service	28	7,534	1,204	10,262	—	567	120	19,715
	<u>28</u>	<u>7,534</u>	<u>1,204</u>	<u>10,262</u>	<u>—</u>	<u>567</u>	<u>120</u>	<u>19,715</u>
Total liabilities and fund balances	<u>\$ 443</u>	<u>\$ 11,451</u>	<u>\$ 4,268</u>	<u>\$ 20,395</u>	<u>\$ 4,200</u>	<u>\$ 7,370</u>	<u>\$ 1,376</u>	<u>\$ 49,503</u>

CITY OF INDIANAPOLIS

Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Debt Service Funds

Year ended December 31, 2002

(In Thousands)

	Civil City	Redevelopment District	MECA	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Total Nonmajor Debt Service Funds
Revenues:								
Property taxes	\$ 366	\$ 17,255	\$ 4,346	\$ 26	\$ —	\$ 5,608	\$ 1,598	\$ 29,199
Other taxes	39	1,571	502	442	—	648	185	3,387
Interest on investments	5	239	35	293	19	52	11	654
Other revenues	20	—	2,017	1,279	—	—	—	3,316
Total revenues	430	19,065	6,900	2,040	19	6,308	1,794	36,556
Expenditures:								
Redemption of bonds and notes	305	3,165	2,760	3,850	3,225	4,195	225	17,725
Interest on bonds and notes	140	145	1,256	5,295	2,026	4,578	1,744	15,184
Operating lease payments and administration	—	13,210	3,066	85	40	75	30	16,506
Total expenditures	445	16,520	7,082	9,230	5,291	8,848	1,999	49,415
Excess (deficiency) of revenues over (under) expenditures	(15)	2,545	(182)	(7,190)	(5,272)	(2,540)	(205)	(12,859)
Other financing sources and (uses):								
Transfers in	—	2,573	651	13,400	4,335	2,492	5	23,456
Transfers out	—	(2,593)	—	—	—	—	—	(2,593)
Total other financing sources and (uses)	—	(20)	651	13,400	4,335	2,492	5	20,863
Net change in fund balances	(15)	2,525	469	6,210	(937)	(48)	(200)	8,004
Fund balances at beginning of year	43	5,009	735	4,052	937	615	320	11,711
Fund balances at end of year	\$ 28	\$ 7,534	\$ 1,204	\$ 10,262	\$ —	\$ 567	\$ 120	\$ 19,715

CITY OF INDIANAPOLIS

Debt Service Funds

Combining Schedule of Revenues, Expenditures and Changes In Unreserved Fund Balances

Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

	Civil City		Redevelopment District		Meca	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:						
Taxes	\$ 408	\$ 406	\$ 16,005	\$ 18,826	\$ 4,930	\$ 4,848
Charges for services	—	—	—	—	1,750	1,857
Other operating revenues	5	6	150	301	53	37
Total revenues	<u>413</u>	<u>412</u>	<u>16,155</u>	<u>19,127</u>	<u>6,733</u>	<u>6,742</u>
Expenditures:						
Debt service	460	445	16,687	16,520	7,102	7,082
Total expenditures	<u>460</u>	<u>445</u>	<u>16,687</u>	<u>16,520</u>	<u>7,102</u>	<u>7,082</u>
Excess (deficiency) of revenues over expenditures	<u>(47)</u>	<u>(33)</u>	<u>(532)</u>	<u>2,607</u>	<u>(369)</u>	<u>(340)</u>
Other financing sources (uses), net:						
Transfers in (out)	—	—	(2,315)	(2,556)	—	651
Total other financing sources and (uses)	<u>—</u>	<u>—</u>	<u>(2,315)</u>	<u>(2,556)</u>	<u>—</u>	<u>651</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(47)</u>	<u>(33)</u>	<u>(2,847)</u>	<u>51</u>	<u>(369)</u>	<u>311</u>
Unreserved fund balances at beginning of year	39	62	1,608	7,443	—	—
Cancellation of purchase orders and other	264	(1)	9,826	(1)	1,049	1,369
Unreserved fund balances at end of year	<u>\$ 256</u>	<u>\$ 28</u>	<u>\$ 8,587</u>	<u>\$ 7,493</u>	<u>\$ 680</u>	<u>\$ 1,680</u>

(Continued)

CITY OF INDIANAPOLIS

Debt Service Funds

Combining Schedule of Revenues, Expenditures and Changes In Unreserved Fund Balances

Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

	Sanitary District		Flood Control District		Metropolitan Thoroughfare District	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:						
Taxes	\$ 319	\$ 468	\$ —	\$ —	\$ 6,361	\$ 6,256
Charges for services	—	—	—	—	—	—
Other operating revenues	300	138	10	44	75	71
Total revenues	<u>619</u>	<u>606</u>	<u>10</u>	<u>44</u>	<u>6,436</u>	<u>6,327</u>
Expenditures:						
Debt service	9,109	9,102	5,324	5,291	8,846	8,840
Total expenditures	<u>9,109</u>	<u>9,102</u>	<u>5,324</u>	<u>5,291</u>	<u>8,846</u>	<u>8,840</u>
	<u>(8,490)</u>	<u>(8,496)</u>	<u>(5,314)</u>	<u>(5,247)</u>	<u>(2,410)</u>	<u>(2,513)</u>
Other financing sources (uses), net:						
Transfers in (out)	7,000	7,134	5,383	4,323	2,300	2,492
	<u>7,000</u>	<u>7,134</u>	<u>5,383</u>	<u>4,323</u>	<u>2,300</u>	<u>2,492</u>
Revenues and other financing sources over (under) expenditures	(1,490)	(1,362)	69	(924)	(110)	(21)
Unreserved fund balances at beginning of year	2,477	4,010	992	930	1,043	560
Cancellation of purchase orders and other	10,377	(2)	810	(6)	4,333	—
Unreserved fund balances at end of year	<u>\$ 11,364</u>	<u>\$ 2,646</u>	<u>\$ 1,871</u>	<u>\$ —</u>	<u>\$ 5,266</u>	<u>\$ 539</u>

(Continued)

CITY OF INDIANAPOLIS

Debt Service Funds

Combining Schedule of Revenues, Expenditures and Changes In Unreserved Fund Balances

Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

	Revenue		Park District		Totals	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:						
Taxes	\$ 37,440	\$ 35,345	\$ 1,813	\$ 1,783	\$ 67,276	\$ 67,932
Charges for services	400	400	—	—	2,150	2,257
Other operating revenues	160,455	162,983	30	15	161,078	163,595
Total revenues	198,295	198,728	1,843	1,798	230,504	233,784
Expenditures:						
Debt service	196,859	194,058	2,000	1,995	246,387	243,333
Total expenditures	196,859	194,058	2,000	1,995	246,387	243,333
	1,436	4,670	(157)	(197)	(15,883)	(9,549)
Other financing sources (uses), net:						
Transfers in (out)	7,340	8,802	—	5	19,708	20,851
	7,340	8,802	—	5	19,708	20,851
Revenues and other financing sources over (under) expenditures	8,776	13,472	(157)	(192)	3,825	11,302
Unreserved fund balances at beginning of year	—	—	392	360	6,551	13,365
Cancellation of purchase orders and other	(8,776)	(13,472)	1,018	(1)	18,901	(12,114)
Unreserved fund balances at end of year	\$ —	\$ —	\$ 1,253	\$ 167	\$ 29,277	\$ 12,553

CITY OF INDIANAPOLIS

Debt Service Funds

Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis

Year ended December 31, 2002

(In Thousands)

Department	Fund	Final Budget	Actual	Variance
Non Departmental	Flood Control District			
Other services and charges		\$ 5,324	\$ 5,291	\$ 33
Total		5,324	5,291	33
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		8,846	8,840	6
Total		8,846	8,840	6
Non Departmental	Park District			
Other services and charges		2,000	1,995	5
Total		2,000	1,995	5
Non Departmental	MECA			
Other services and charges		7,102	7,082	20
Total		7,102	7,082	20
Non Departmental	Civil City			
Other services and charges		460	445	15
Total		460	445	15
Non Departmental	Redevelopment District			
Other services and charges		16,687	16,520	167
Total		16,687	16,520	167
Non Departmental	Revenue			
Other services and charges		196,859	194,058	2,801
Total		196,859	194,058	2,801
Non Departmental	Sanitary District			
Other services and charges		9,109	9,102	7
Total		9,109	9,102	7
Total - Debt Service Funds - by Department		\$ 246,387	\$ 243,333	\$ 3,054

Nonmajor Capital Project Funds

The Capital Projects Funds are used to account for resources designated to construct or acquire general fixed assets. Such resources are derived principally from special district bonds, federal grants and property tax levies.

Redevelopment District:

General -	to account for all financial resources related to projects constructed wholly or in part from Redevelopment District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds
Tax Increment -	to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues
Flood Control District -	to account for all financial resources related to projects constructed wholly or in part from Flood Control District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds
Metropolitan Thoroughfare District -	to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds
Park District -	to account for all financial resources related to projects constructed wholly or in part from Park District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds
City Cumulative Capital Development -	to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature
County Cumulative Capital Development -	to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature
Tax Revenue Note -	to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note
MECA -	to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds
Landmark Building Preservation -	to account for all financial resources related to costs of major repairs to certain city properties
Storm Water -	to account for all financial resources related to expenditures for construction of storm water removal infrastructure

CITY OF INDIANAPOLIS
Combining Balance Sheet - Nonmajor Capital Project Funds

December 31, 2002

(In Thousands)

	Redevelopment District		Flood	Metropolitan		City	County	Tax		Landmark	Storm	Total
	General	Tax	Control	Thoroughfare	Park	Cumulative	Cumulative	Revenue		Building	Water	Nonmajor
		Increment	District	District	District	Capital	Capital	Note	MECA	Preservation		Capital
ASSETS						Development	Development					Project Funds
Equity in pooled cash	\$ 285	\$ 2	\$ —	\$ 228	\$ 2	\$ 1,489	\$ 449	\$ 7,723	\$ 278	\$ 114	\$ 63	\$ 10,633
Cash and investments with fiscal agents	—	1,353	—	2,189	—	—	—	874	1,369	—	6,349	12,134
Investments	2,176	14	—	1,661	14	10,958	3,322	—	2,048	843	486	21,522
Accrued interest receivable	10	—	—	13	—	63	15	—	15	6	—	122
Property taxes receivable	—	—	—	—	—	552	—	—	—	—	—	552
Accounts receivable	1,106	—	—	—	—	286	—	—	—	—	—	1,392
Total assets	\$ 3,577	\$ 1,369	\$ —	\$ 4,091	\$ 16	\$ 13,348	\$ 3,786	\$ 8,597	\$ 3,710	\$ 963	\$ 6,898	\$ 46,355
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other accrued liabilities	\$ 607	\$ —	\$ —	\$ 381	\$ 6	\$ 515	\$ 401	\$ —	\$ 808	\$ —	\$ 1,041	\$ 3,759
Deferred revenue	—	—	—	—	—	837	—	—	—	—	—	837
Total liabilities	607	—	—	381	6	1,352	401	—	808	—	1,041	4,596
Fund balances:												
Reserved for encumbrances	1,282	81	—	893	4	3,829	1,974	123	1,094	—	2,608	11,888
Unreserved	1,688	1,288	—	2,817	6	8,167	1,411	8,474	1,808	963	3,249	29,871
Total fund balances	2,970	1,369	—	3,710	10	11,996	3,385	8,597	2,902	963	5,857	41,759
Total liabilities and fund balances	\$ 3,577	\$ 1,369	\$ —	\$ 4,091	\$ 16	\$ 13,348	\$ 3,786	\$ 8,597	\$ 3,710	\$ 963	\$ 6,898	\$ 46,355

CITY OF INDIANAPOLIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds

Year ended December 31, 2002

(In Thousands)

	Redevelopment District		Flood	Metropolitan		City	County	Tax		Landmark		Total
	General	Tax Increment	Control District	Thoroughfare District	Park District	Cumulative Capital Development	Cumulative Capital Development	Revenue Note	MECA	Building Preservation	Storm Water	Nonmajor Capital Project Funds
Revenues:												
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,560	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,560
Other intergovernmental revenues:												
Federal revenues	—	—	—	—	—	—	69	—	—	—	—	69
Other revenues	—	—	—	—	—	—	4,150	—	—	—	—	4,150
Interest and other operating revenues	89	46	3	98	1	336	74	—	171	25	—	843
Total revenues	89	46	3	98	1	13,896	4,293	—	171	25	—	18,622
Expenditures:												
Debt service:												
Redemption of notes	—	—	—	—	—	2,303	—	—	—	—	—	2,303
Issuance costs	256	—	—	—	—	—	—	—	—	—	—	256
Capital outlay	12,203	1,620	—	1,131	6	8,477	5,094	10,351	13,886	—	1,661	54,429
Total expenditures	12,459	1,620	—	1,131	6	10,780	5,094	10,351	13,886	—	1,661	56,988
Excess (deficiency) of revenues over (under) expenditures	(12,370)	(1,574)	3	(1,033)	(5)	3,116	(801)	(10,351)	(13,715)	25	(1,661)	(38,366)
Other financing sources and (uses):												
Bonds issued	3,740	—	—	—	—	—	—	—	—	—	—	3,740
Premium on bonds issued	—	—	—	—	—	—	—	—	—	—	—	—
Transfers in	278	8	—	—	—	8	—	—	—	100	—	394
Notes issued	6,829	—	—	—	—	—	—	15,983	—	—	7,518	30,330
Transfers out	(294)	—	(192)	(5)	—	(2,400)	—	—	—	—	—	(2,891)
Total other financing sources and (uses)	10,553	8	(192)	(5)	—	(2,392)	—	15,983	—	100	7,518	31,573
Net change in fund balances	(1,817)	(1,566)	(189)	(1,038)	(5)	724	(801)	5,632	(13,715)	125	5,857	(6,793)
Fund balances at beginning of year	4,787	2,935	189	4,748	15	11,272	4,186	2,965	16,617	838	—	48,552
Fund balances at end of year	\$ 2,970	\$ 1,369	\$ —	\$ 3,710	\$ 10	\$ 11,996	\$ 3,385	\$ 8,597	\$ 2,902	\$ 963	\$ 5,857	\$ 41,759

CITY OF INDIANAPOLIS
Annually-Budgeted Capital Project Funds
Combining Schedule of Revenues, Expenditures and Changes In Unreserved Fund Balances
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	City Cumulative Capital Development		County Cumulative Capital Development		Totals	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues:						
Taxes	\$ 13,637	\$ 13,560	\$ —	\$ —	\$ 13,637	\$ 13,560
Other intergovernmental revenues	—	—	4,203	4,219	4,203	4,219
Interest and other operating revenues	215	394	55	123	270	517
Total revenues	<u>13,852</u>	<u>13,954</u>	<u>4,258</u>	<u>4,342</u>	<u>18,110</u>	<u>18,296</u>
Expenditures:						
Current:						
General government	1,359	1,359	—	—	1,359	1,359
Public safety	766	682	—	—	766	682
Public works	—	—	200	200	200	200
Cultural and recreation	1,668	1,651	—	—	1,668	1,651
Urban redevelopment	100	75	—	—	100	75
Economic development	25	24	—	—	25	24
Capital outlays	8,456	6,088	3,300	3,293	11,756	9,381
Total expenditures	<u>12,374</u>	<u>9,879</u>	<u>3,500</u>	<u>3,493</u>	<u>15,874</u>	<u>13,372</u>
Excess of revenues over expenditures	<u>1,478</u>	<u>4,075</u>	<u>758</u>	<u>849</u>	<u>2,236</u>	<u>4,924</u>
Other financing sources and (uses), net:						
Sales and lease of property	—	14	—	—	—	14
Transfers in (out)	(2,400)	(2,400)	—	—	(2,400)	(2,400)
Total other financing sources and (uses)	<u>(2,400)</u>	<u>(2,386)</u>	<u>—</u>	<u>—</u>	<u>(2,400)</u>	<u>(2,386)</u>
Revenues over (under) expenditures and other financing sources and (uses)	(922)	1,689	758	849	(164)	2,538
Unreserved fund balances at beginning of year	1,290	5,726	543	597	1,648	6,323
Cancellation of purchase orders and other	(368)	(7,415)	(1,301)	(1,446)	(1,669)	(8,861)
Unreserved fund balances at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF INDIANAPOLIS
Annually-Budgeted Capital Project Funds
Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Controller	City Cumulative Capital Improvements			
Other services and charges		\$ 526	\$ 525	\$ 1
Total		<u>526</u>	<u>525</u>	<u>1</u>
Indianapolis Fleet Services	City Cumulative Capital Improvements			
Other services and charges		858	858	—
Total		<u>858</u>	<u>858</u>	<u>—</u>
Total – Department of Administration		<u>\$ 1,384</u>	<u>\$ 1,383</u>	<u>\$ 1</u>
Department of Metropolitan Development				
Division of Administrative Services	City Cumulative Capital Improvements			
Other services and charges		\$ 100	\$ 75	\$ 25
Capital outlay		175	—	175
Total – Department of Metropolitan Development		<u>\$ 275</u>	<u>\$ 75</u>	<u>\$ 200</u>
Department of Public Works				
Engineering	County Cumulative Capital Improvements			
Other services and charges		\$ 200	\$ 200	\$ —
Capital outlay		3,300	3,293	7
Total		<u>3,500</u>	<u>3,493</u>	<u>7</u>
Engineering	City Cumulative Capital Improvements			
Capital outlay		500	500	—
Total		<u>500</u>	<u>500</u>	<u>—</u>
Total – Department of Public Works		<u>\$ 4,000</u>	<u>\$ 3,993</u>	<u>\$ —</u>

(Continued)

CITY OF INDIANAPOLIS
Annually-Budgeted Capital Project Funds
Schedule of Expenditures by Character - Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Safety				
Emergency Management Planning	City Cumulative Capital Improvements			
Capital outlay		\$ 138	\$ 60	\$ 78
Total		<u>138</u>	<u>60</u>	<u>78</u>
Indianapolis Police Department	City Cumulative Capital Improvements			
Supplies		136	86	50
Other services and charges		292	292	—
Capital outlay		<u>2,464</u>	<u>1,592</u>	<u>872</u>
Total		<u>2,892</u>	<u>1,970</u>	<u>922</u>
Indianapolis Fire Department	City Cumulative Capital Improvements			
Other services and charges		338	304	34
Capital outlay		<u>2,003</u>	<u>1,104</u>	<u>899</u>
Total		<u>2,341</u>	<u>1,408</u>	<u>933</u>
Total - Department of Public Safety		<u>\$ 5,371</u>	<u>\$ 3,438</u>	<u>\$ 1,933</u>
Department of Parks and Recreation	City Cumulative Capital Improvements			
Supplies		\$ 123	\$ 116	\$ 7
Other services and charges		1,545	1,535	10
Capital outlay		<u>3,176</u>	<u>2,832</u>	<u>344</u>
Total		<u>4,844</u>	<u>4,483</u>	<u>361</u>
Total - Department of Parks and Recreation		<u>\$ 4,844</u>	<u>\$ 4,483</u>	<u>\$ 361</u>
Total - Capital Projects Funds - by Department and Division		<u><u>\$ 15,874</u></u>	<u><u>\$ 13,372</u></u>	<u><u>\$ 2,502</u></u>

Internal Service Funds

Internal Service Funds are used to account for the accumulation of resources to provide for the financing of certain self-insurance programs for all City departments.

The City maintains Workers' Compensation Self-Insurance, Auto Liability Self-Insurance, and Public Liability Self-Insurance Internal Service Funds.

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Net Assets
December 31, 2002
(In Thousands)

	Auto Liability Reserve	Workers' Compensation	Public Liability Self Insurance	Total
ASSETS				
Equity in pooled cash	\$ 393	\$ 425	\$ 1,392	\$ 2,210
Cash and investments with fiscal agents	18	17	—	35
Investments	2,895	3,270	10,260	16,425
Accrued interest receivable	20	11	73	104
Accounts receivable	—	6	—	6
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3,326	3,729	11,725	18,780
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES				
Accounts payable and other accrued liabilities	1,225	1,654	1,323	4,202
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,225	1,654	1,323	4,202
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS				
Unrestricted	\$ 2,101	\$ 2,075	\$ 10,402	\$ 14,578
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF INDIANAPOLIS**Internal Service Funds****Combining Statement of Revenues, Expenses and Changes in Fund Net Assets***year ended December 31, 2002**(In Thousands)*

	<u>Auto Liability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Total</u>
Operating revenues:				
Charges to other funds	<u>\$ 776</u>	<u>\$ 2,285</u>	<u>\$ 370</u>	<u>\$ 3,431</u>
Operating expenses:				
Administration	36	60	—	96
Claims	<u>(962)</u>	<u>2,483</u>	<u>(544)</u>	<u>977</u>
Total operating expenses	<u>(926)</u>	<u>2,543</u>	<u>(544)</u>	<u>1,073</u>
Operating income (loss)	1,702	(258)	914	2,358
Nonoperating revenue:				
Interest on investments	<u>86</u>	<u>39</u>	<u>465</u>	<u>590</u>
Change in net assets	1,788	(219)	1,379	2,948
Total net assets - beginning	<u>313</u>	<u>2,294</u>	<u>9,023</u>	<u>11,630</u>
Total net assets - ending	<u><u>\$ 2,101</u></u>	<u><u>\$ 2,075</u></u>	<u><u>\$ 10,402</u></u>	<u><u>\$ 14,578</u></u>

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Cash Flows
Year ended December 31, 2002
(In Thousands)

	Auto Liability Reserve	Workers' Compensation	Public Liability Self Insurance	Total
Cash flows from operating activities:				
Receipts from users	\$ 776	\$ 2,479	\$ 370	\$ 3,625
Payments for administration	(36)	(60)	—	(96)
Payments for claims	(330)	(1,749)	(536)	(2,615)
Net cash provided by (used in) operating activities	<u>410</u>	<u>670</u>	<u>(166)</u>	<u>914</u>
Cash flows from investing activities:				
Investment purchases	(603)	(850)	(867)	(2,320)
Interest on investments	88	53	490	631
Net cash used in investing activities	<u>(515)</u>	<u>(797)</u>	<u>(377)</u>	<u>(1,689)</u>
Net decrease in cash and cash equivalents	(105)	(127)	(543)	(775)
Cash and cash equivalents, beginning of year	516	569	1,935	3,020
Cash and cash equivalents, end of year	<u><u>\$ 411</u></u>	<u><u>\$ 442</u></u>	<u><u>\$ 1,392</u></u>	<u><u>\$ 2,245</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,702	\$ (258)	\$ 914	\$ 2,358
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease in accounts receivable	—	194	—	303
Increase (decrease) in accounts payable	(1,292)	734	(1,080)	(1,747)
Net cash provided by (used in) operating activities	<u><u>\$ 410</u></u>	<u><u>\$ 670</u></u>	<u><u>\$ (166)</u></u>	<u><u>\$ 914</u></u>

Fiduciary Funds

The Fiduciary Funds are classified into two sub-groupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Receipts and expenditures of each fund are governed by terms of trust indentures, statutes, ordinances, etc.

The City maintains the following Fiduciary Funds:

PENSION TRUST FUNDS

Police -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund (1977 Fund) pension plan, (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund and (3) City and police officer contributions to the 1977 Fund
Fire -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund pension plan, (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund and (3) City and firefighter contributions to the 1977 Fund

AGENCY FUNDS

Barrett Law -	to account for property owner assessment receipts held by the City as agent for the repayment of the related contractor Barrett Law bonds
Sanitation 15 Year Law -	to account for property owner assessment receipts held by the City as agent for city approved developer constructed sewer systems Barrett Law projects, with construction costs repaid by the property owners over a period not to exceed 15 years
UAL Personal Property -	to account for amounts received, that in accordance with the related bond indenture, are to be transferred to the debt service for the Indianapolis Airport Authority Special Facility Revenue Bonds of 1995
E-911 Allocation -	to account for assets, obligations and activities of the E-911 dispatch programs
DPS Retiree Health Insurance -	to account for assets, obligations, and activities of certain Police and Firefighter Retiree Health Insurance costs
IPD Confiscated Cash -	to account for assets, obligations, and activities of amounts which have been confiscated pending final court disposition
Other -	to account for all contractor receipts for sanitary Barrett Law project engineering fees held by the City as agent for engineer payment upon project acceptance and for franchise security deposits held by the City as agent for franchised performance

CITY OF INDIANAPOLIS

Fiduciary Funds

Combining Statement of Fiduciary Net Assets

December 31, 2002

(In Thousands)

	Pension Trust Funds			Agency Funds							
	Police Pension	Fire Pension	Total	Barrett Law	Sanitation 15 Year Law	UAL Personal Property	E-911 Allocation	DPS Retiree Health Insurance	IPD Confiscated Cash	Other	Total
ASSETS											
Equity in pooled cash	\$ 1,525	\$ 1,439	\$ 2,964	\$ 95	\$ 106	\$ 4,680	\$ 125	\$ 67	\$ 1,501	\$ 11	\$ 6,585
Cash and investments with fiscal agents	—	—	—	—	—	—	—	—	—	32	32
Investments	11,223	10,571	21,794	733	816	—	961	205	—	89	2,804
Accrued interest receivable	107	93	200	6	6	—	10	4	—	1	27
Accounts receivable	1,823	1,540	3,363	—	22	—	342	—	—	—	364
Total assets	<u>14,678</u>	<u>13,643</u>	<u>28,321</u>	<u>\$ 834</u>	<u>\$ 950</u>	<u>\$ 4,680</u>	<u>\$ 1,438</u>	<u>\$ 276</u>	<u>\$ 1,501</u>	<u>\$ 133</u>	<u>\$ 9,812</u>
LIABILITIES											
Accounts payable and other accrued liabilities	353	205	558	\$ 834	\$ 950	\$ 4,680	\$ 1,438	\$ 276	\$ 1,501	\$ 133	\$ 9,812
Total liabilities	<u>353</u>	<u>205</u>	<u>558</u>	<u>\$ 834</u>	<u>\$ 950</u>	<u>\$ 4,680</u>	<u>\$ 1,438</u>	<u>\$ 276</u>	<u>\$ 1,501</u>	<u>\$ 133</u>	<u>\$ 9,812</u>
NET ASSETS											
Held in trust for pension benefits	<u>\$ 14,325</u>	<u>\$ 13,438</u>	<u>\$ 27,763</u>								

CITY OF INDIANAPOLIS
Combining Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2002
(In Thousands)

	Pension Trust Funds		
	Police Pension	Fire Pension	Total
ADDITIONS			
State of Indiana pension subsidy	\$ 16,899	\$ 10,134	\$ 27,033
Other	349	269	618
Unrealized gain on investments	65	63	128
	<u>17,313</u>	<u>10,466</u>	<u>27,779</u>
Contributions			
Employer	14,767	12,794	27,561
Plan members	158	155	313
	<u>14,925</u>	<u>12,949</u>	<u>27,874</u>
Total additions	<u>32,238</u>	<u>23,415</u>	<u>55,653</u>
DEDUCTIONS			
Benefits	32,865	25,420	58,285
Administrative expense	10	13	23
	<u>32,875</u>	<u>25,433</u>	<u>58,308</u>
Total deductions	<u>32,875</u>	<u>25,433</u>	<u>58,308</u>
Change in plan net assets	(637)	(2,018)	(2,655)
Net assets - beginning	<u>14,962</u>	<u>15,456</u>	<u>30,418</u>
Net assets - ending	<u>\$ 14,325</u>	<u>\$ 13,438</u>	<u>\$ 27,763</u>

CITY OF INDIANAPOLIS

Fiduciary Funds

Combining Statement of Changes In Assets and Liabilities - Agency Funds

Year ended December 31, 2002

(In Thousands)

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2002</u>
<u>BARRETT LAW</u>				
Assets:				
Cash and investments	\$ 964	\$ 162	\$ 298	\$ 828
Accrued interest receivable	8	16	18	6
Total assets	<u>\$ 972</u>	<u>\$ 178</u>	<u>\$ 316</u>	<u>\$ 834</u>
Liabilities:				
Accounts payable	\$ 972	\$ 178	\$ 316	\$ 834
Total liabilities	<u>\$ 972</u>	<u>\$ 178</u>	<u>\$ 316</u>	<u>\$ 834</u>
<u>SANITATION 15 YEAR LAW FUND</u>				
Assets:				
Cash and investments	\$ 898	\$ 205	\$ 181	\$ 922
Accrued interest receivable	8	6	8	6
Accounts receivable	—	22	—	\$ 22
Total assets	<u>\$ 906</u>	<u>\$ 233</u>	<u>\$ 189</u>	<u>\$ 950</u>
Liabilities:				
Accounts payable	\$ 906	\$ 233	\$ 189	\$ 950
Total liabilities	<u>\$ 906</u>	<u>\$ 233</u>	<u>\$ 189</u>	<u>\$ 950</u>
<u>UAL PERSONAL PROPERTY</u>				
Assets:				
Cash and investments	\$ 7,213	\$ 9,360	\$ 11,893	\$ 4,680
Total assets	<u>\$ 7,213</u>	<u>\$ 9,360</u>	<u>\$ 11,893</u>	<u>\$ 4,680</u>
Liabilities:				
Accounts payable	\$ 7,213	\$ 9,360	\$ 11,893	\$ 4,680
Total liabilities	<u>\$ 7,213</u>	<u>\$ 9,360</u>	<u>\$ 11,893</u>	<u>\$ 4,680</u>
<u>E - 911 ALLOCATION</u>				
Assets:				
Cash and investments	\$ 802	\$ 914	\$ 630	\$ 1,086
Accrued interest receivable	8	11	9	10
Accounts receivable	182	160	—	342
Total assets	<u>\$ 992</u>	<u>\$ 1,085</u>	<u>\$ 639</u>	<u>\$ 1,438</u>
Liabilities:				
Accounts payable	\$ 992	\$ 1,085	\$ 639	\$ 1,438
Total liabilities	<u>\$ 992</u>	<u>\$ 1,085</u>	<u>\$ 639</u>	<u>\$ 1,438</u>

(Continued)

CITY OF INDIANAPOLIS

Fiduciary Funds

Combining Statement of Changes In Assets and Liabilities - Agency Funds

Year ended December 31, 2002

(In Thousands)

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2002</u>
<u>DPS RETIREE HEALTH INSURANCE</u>				
Assets:				
Cash and investments	\$ 271	\$ 724	\$ 723	\$ 272
Accrued interest receivable	2	5	3	4
Total assets	<u>\$ 273</u>	<u>\$ 729</u>	<u>\$ 726</u>	<u>\$ 276</u>
Liabilities:				
Accounts payable	\$ 273	\$ 729	\$ 726	\$ 276
Total liabilities	<u>\$ 273</u>	<u>\$ 729</u>	<u>\$ 726</u>	<u>\$ 276</u>
<u>IPD CONFISCATED CASH</u>				
Assets:				
Cash and investments	\$ 1,536	\$ 1,878	\$ 1,913	\$ 1,501
Total assets	<u>\$ 1,536</u>	<u>\$ 1,878</u>	<u>\$ 1,913</u>	<u>\$ 1,501</u>
Liabilities:				
Accounts payable	\$ 1,536	\$ 1,878	\$ 1,913	\$ 1,501
Total liabilities	<u>\$ 1,536</u>	<u>\$ 1,878</u>	<u>\$ 1,913</u>	<u>\$ 1,501</u>
<u>OTHER</u>				
Assets:				
Cash and investments	\$ 98	\$ 2	\$ —	\$ 100
Cash and investments with fiscal agents	32	—	—	32
Accrued interest receivable	1	5	5	1
Total assets	<u>\$ 131</u>	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 133</u>
Liabilities:				
Accounts payable	\$ 131	\$ 7	\$ 5	\$ 133
Total liabilities	<u>\$ 131</u>	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 133</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 11,782	\$ 13,247	\$ 15,638	\$ 9,391
Cash and investments with fiscal agents	32	—	—	32
Accrued interest receivable	27	41	42	26
Accounts receivable	182	181	—	363
Total assets	<u>\$ 12,023</u>	<u>\$ 13,469</u>	<u>\$ 15,680</u>	<u>\$ 9,812</u>
Liabilities:				
Accounts payable	\$ 12,023	\$ 13,469	\$ 15,680	\$ 9,812
Total liabilities	<u>\$ 12,023</u>	<u>\$ 13,469</u>	<u>\$ 15,680</u>	<u>\$ 9,812</u>

CITY OF INDIANAPOLIS
Police and Fire Pension Trust Funds
Schedule of Revenues and Expenditures
Budget and Actual - Budgetary Basis
Year ended December 31, 2002
(In Thousands)

	Police Pension			Fire Pension		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	\$ 13,169	\$ 12,954	\$ (215)	\$ 11,471	\$ 11,254	\$ (217)
Supplemental Trust	300	158	(142)	300	155	(145)
Intergovernmental	15,940	16,899	959	10,330	10,133	(197)
Intragovernmental	—	—	—	—	—	—
Other	25	410	385	(30)	373	403
Total revenues	<u>29,434</u>	<u>30,421</u>	<u>987</u>	<u>22,071</u>	<u>21,915</u>	<u>(156)</u>
Expenditures:						
Personal services	33,020	32,842	178	28,374	25,408	2,966
Supplies	4	2	2	7	1	6
Other services	86	9	77	77	66	11
Properties	1	—	1	4	4	—
Total expenditures	<u>33,111</u>	<u>32,853</u>	<u>258</u>	<u>28,462</u>	<u>25,479</u>	<u>2,983</u>
Revenues over (under) expenditures	<u>\$ (3,677)</u>	<u>\$ (2,432)</u>	<u>\$ 729</u>	<u>\$ (6,391)</u>	<u>\$ (3,564)</u>	<u>\$ (3,139)</u>

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Statistical Section

CITY OF INDIANAPOLIS

General Governmental Expenditures By Function and Other Uses (A)

Last Ten Years

(In Thousands)

	Departmental and Modified Accrual Basis									
	2002	2001	2000	1999	1998	1997	1996 (B)	1995	1994	1993
General Government	\$ 38,546	\$ 24,118	\$ 21,001	\$ 16,286	\$ 15,560	\$ 16,252	\$ 18,742	\$ -	\$ -	\$ -
Public Safety	210,571	231,259	193,292	184,641	139,278	134,902	133,843	-	-	-
Public Works	108,604	115,513	109,306	116,492	111,792	111,311	108,540	-	-	-
Health and Welfare	4,689	4,560	4,973	5,550	5,596	5,284	5,007	-	-	-
Cultural and Recreation	26,211	23,387	21,185	21,216	19,532	19,041	18,071	-	-	-
Urban Redevelopment and Housing	29,396	28,461	22,354	23,799	27,506	34,666	36,180	-	-	-
Economic Development and Assistance	6,626	6,292	2,923	4,951	3,656	4,537	6,136	-	-	-
Protection of People and Property	-	-	-	-	-	-	-	120,349	118,290	114,374
Community Cultural and Recreation	-	-	-	-	-	-	-	16,730	16,215	17,201
Community Development and Welfare	-	-	-	-	-	-	-	50,293	40,687	37,458
Transportation and Related Services	-	-	-	-	-	-	-	32,748	41,808	36,869
Environmental Services	-	-	-	-	-	-	-	85,684	65,951	89,991
Executive/Legislative Affairs of Government	-	-	-	-	-	-	-	1,183	934	2,708
Administrative Services	-	-	-	-	-	-	-	25,826	23,229	16,563
Debt Service	86,626	141,856	104,974	198,368	172,886	75,978	80,919	114,246	78,438	128,515
Capital Outlays	115,949	81,629	97,434	116,943	101,465	136,675	139,223	168,732	208,699	138,445
Other Uses	186,433	38,453	58,221	47,288	54,230	17,290	14,893	64,092	62,490	10,967
TOTAL	\$ 813,651	\$ 695,528	\$ 635,663	\$ 735,534	\$ 651,501	\$ 555,936	\$ 561,554	\$ 679,883	\$ 656,741	\$ 593,091

(A) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds

(B) In 1996 certain changes were made to the financial statements to more appropriately reflect financial activity. These changes included modifying the functional name

TABLE II

CITY OF INDIANAPOLIS
General Revenues By Source and Other Financing Sources (A)
Last Ten Years
(In Thousands)

Year	Taxes	Licenses and Permits	Charges for Services	Other Intergovernmental Revenues		Traffic Violations and Court Fees	Interest and Other Operating Revenues	Other Financing Sources	Total Revenues
				Federal	State and Other				
2002	\$ 296,986	\$ 7,997	\$ 107,846	\$ 46,212	\$ 83,188	\$ 4,775	\$ 38,515	\$ 260,408	\$ 845,927
2001	296,561	9,180	91,667	28,127	111,275	5,191	33,838	128,840	704,679
2000	290,208	7,872	85,436	29,588	86,084	2,563	29,863	94,769	626,383
1999	283,175	9,531	90,967	27,259	81,172	3,163	46,695	205,639	747,601
1998	280,738	9,305	79,696	29,747	60,113	3,530	41,104	160,063	664,296
1997	252,495	8,956	78,860	33,553	64,745	2,922	47,311	32,349	521,191
1996	248,470	8,107	76,977	38,241	58,106	3,303	38,063	42,905	514,172
1995	253,539	8,433	86,093	34,140	48,455	1,774	43,994	119,635	596,063
1994	229,125	8,114	76,296	48,246	29,515	1,998	37,945	100,942	532,181
1993	226,236	6,810	92,370	29,203	37,153	2,065	34,211	270,797	698,845

(A) Includes General, Special Revenue, Debt Service, Capital Projects and Pension Trust Funds

TABLE III

CITY OF INDIANAPOLIS
Tax Revenues by Source (A)
Last Ten Years
(In Thousands)

<u>Year</u>	<u>Total Taxes</u>	<u>Property Taxes</u>	<u>Wheel Taxes</u>	<u>Local Option Income Tax</u>	<u>Other Taxes (B)</u>
2002	\$ 296,986	\$ 204,995	\$ 13,261	\$ 58,227	\$ 20,503
2001	296,561	205,934	13,324	56,585	20,718
2000	290,208	205,192 (E)	12,992	52,557	19,467 (E)
1999	283,175	170,120	13,100	50,610	49,345
1998 (D)	280,738	168,787	12,502	50,674	48,775
1997	252,495	159,305	12,013	36,853 (C)	44,324
1996	248,470	159,530	11,525	35,582 (C)	41,833
1995	253,539	153,617	6,212	59,257	34,453
1994	229,125	151,200	5,663	42,365	29,897
1993	226,236	151,844	9,682	42,020	22,690

(A) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

(B) Includes financial institution and other local taxes.

(C) In 1996 and 1997, the Local Option Income Tax for pension funds is recorded directly in the Trust and Agency Funds.

(D) Beginning in 1998, all taxes for pension funds are recorded in the General Fund.

(E) Beginning in 2000, property taxes includes tax incremental finance (TIF) taxes which were previously included in other taxes.

TABLE IV

CITY OF INDIANAPOLIS**Property Taxes Levied and Collected (A) (B) (D)***Last Ten Years**(In Thousands)*

Year	Taxes Levied	Marion County Auditors Credits (C)	Adjusted Levy	Current Taxes Collected	Percent of Adjusted Levy Collected	Delinquent Taxes Collected	Total Taxes Collected	Total Collections as Percent of Adjusted Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Adjusted Levy
2002	\$ 171,846	\$ 5,495	\$ 166,351	\$ 161,582	97.1 %	\$ 8,049	\$ 169,631	102.0 %	\$ 7,488	4.5 %
2001	173,049	4,272	168,777	163,786	97.0	7,093	170,879	101.2	7,545	4.5
2000	172,356	3,703	168,653	163,830 (E)	97.1	7,538	171,368	101.6	7,477	4.4
1999	173,926	1,760	172,166	162,624	94.5	7,496	170,120	98.8	12,498	7.3
1998	172,997	4,046	168,951	160,792	95.2	7,922	168,714	99.9	13,002	7.7
1997	163,960	5,870	158,090	151,944	96.1	7,361	159,305	100.8	12,642	8.0
1996	159,161	5,966	153,195	153,260	100.0	6,270	159,530	104.1	14,555	9.5
1995	155,036	2,292	152,744	144,396	94.5	9,221	153,617	100.6	13,848	9.1
1994	152,651	1,283	151,368	144,922	95.7	6,278	151,200	99.9	13,765	9.1
1993	154,003	2,063	151,940	147,100	96.8	7,878	154,978	102.0	11,675	7.7

(A) Includes General, Special Revenue, Debt Service and City Cumulative Capital Development Capital Projects Funds

(B) Data presented on the cash basis

(C) Data has been adjusted to reflect credits issued by the County Auditor's Office as a result of appeals or other adjustment

(D) Data presented is per the Marion County Auditor's Office

(E) Beginning in 2000, taxes collected does not include tax incremental finance (TIF) taxes

TABLE V

CITY OF INDIANAPOLIS**Assessed and True Tax Actual Value of Taxable Property - County-Wide (A)***Last Ten Years**(In Thousands)*

YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value
2002	\$ 20,820,046	\$ 20,820,046	\$ 8,162,071	\$ 8,162,071	\$ 28,982,117	\$ 28,982,117
2001	6,839,830	20,519,489	2,653,315	7,959,945	9,493,145	28,479,434
2000	6,636,936	19,910,808	2,574,548	7,723,644	9,211,484	27,634,452
1999	6,553,357	19,660,071	2,550,800	7,652,400	9,104,157	27,312,471
1998	6,425,243	19,275,729	2,430,647	7,291,940	8,855,890	26,567,669
1997	6,424,300	19,272,910	2,291,233	6,873,698	8,715,533	26,146,608
1996	6,227,500	18,682,501	2,156,962	6,470,887	8,384,462	25,153,388
1995	5,452,185	16,358,191	2,008,399 (D)	6,031,228	7,460,584	22,389,419
1994	5,324,387	15,973,162	1,945,379	5,836,136	7,269,766	21,809,298
1993	5,287,600	15,862,801	1,859,022	5,577,066	7,146,622	21,439,867

(A) Taxable Property is assessed at 33-1/3% of the True Tax Value for the years 1993 through 2001. It is assessed at 100% for 2002.

(B) Represents the assessment (Marion County D32 "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(C) Data presented is per the Marion County Auditor's Office.

(D) Includes \$19,965 in assessed value that was used to fund replacement credit in the mall districts.

TABLE VI

CITY OF INDIANAPOLIS
Property Tax Rates - Direct and Overlapping Governments (B) (C)
Last Ten Years

<u>Year</u>	<u>City</u>	<u>County</u>	<u>Municipal Corporations</u>	<u>Total City County Council Approved</u>	<u>School</u>	<u>State</u>	<u>Other</u>	<u>Grand Total (A)</u>
2002	\$ 1.2254	\$ 0.5354	\$ 0.4309	\$ 2.1917	\$ 1.9594	\$ 0.0033	\$ 0.0799	4.2343
2001	3.7670	1.4043	1.2497	6.4210	5.9811	0.0100	0.2599	12.6720
2000	3.7825	1.4038	1.2491	6.4354	5.9552	0.0100	0.2756	12.6762
1999	3.7948	1.4042	1.2486	6.4476	5.8477	0.0100	0.3281	12.6334
1998	3.7968	1.4021	1.1989	6.3978	5.3888	0.0100	0.3952	12.1918
1997	3.8033	1.4179	1.2042	6.4254	5.5778	0.0100	0.5380	12.5512
1996	3.8054	1.5970	1.2052	6.6076	5.5294	0.0100	0.5391	12.6861
1995	3.9140	1.6855	1.2426	6.8421	5.7743	0.0100	0.5275	13.1539
1994	3.9140	1.7082	1.2427	6.8649	5.5658	0.0100	0.4151	12.8558
1993	3.9140	1.5593	1.2427	6.7160	5.2240	0.0100	0.9547	12.9047

- (A) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services:
 Rates decreased because the assessed valuation increased by 3 times to True Tax Value
- (B) Data presented is per the Marion County Auditor's Office
- (C) Rate per \$100 of assessed valuation

TABLE VII

Page 1

CITY OF INDIANAPOLIS**Ratio of Net General Bonded Debt To Assessed Value and Net Bonded Debt Per Capita (A) (E)***Last Ten Years**(In Thousands)*

	Year	Assessed Value (B)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Percentage of Net Bonded Debt to Limit	Net Bonded Debt per Capita
Civil City (.67% limit)								
(2000 Population: 860)	2002	\$ 26,974,946	\$ 2,165	\$ 28	\$ 2,137	0.0 %	1 %	\$ 2.48
(1990 Population: 742)	2001	8,825,041	2,455	43	2,412	0.0	1	2.80
	2000	8,588,234	3,475	55	3,420	0.0	2	3.98
	1999	8,495,431	4,445	25	4,420	0.1	3	5.96
	1998	8,259,055	5,695	53	5,642	0.1	3	7.60
	1997	8,134,891	6,875	139	6,736	0.1	4	9.08
	1996	7,827,228	8,020	143	7,877	0.1	5	10.62
	1995	6,977,455	9,095	125	8,970	0.1	6	0.01
	1994	6,819,797	9,925	34	9,891	0.1	7	13.33
	1993	6,705,968	11,111	30	11,081	0.2	8	14.94
Redevelopment District (C) (D)								
(2000 Population: 860)	2002	\$ 26,974,946	\$ 38,105	\$ 7,534	\$ 30,571	0.1 %	(C) %	\$ 35.55
(1990 Population: 742)	2001	8,825,041	36,202	5,009	31,193	0.4	(C)	36.27
	2000	8,588,234	34,291	6,469	27,822	0.3	(C)	32.35
	1999	8,495,431	32,519	2,994	29,525	0.3	(C)	39.79
	1998	8,259,055	31,236	1,027	30,209	0.4	(C)	40.72
	1997	8,134,891	29,986	1	29,985	0.4	(C)	40.41
	1996	7,827,228	28,814	(2)	28,816	0.4	(C)	38.84
	1995	6,977,455	27,693	31	27,662	0.4	(C)	0.04
	1994	6,819,797	23,615	17	23,598	0.3	(C)	31.81
	1993	6,705,968	52,195	12	52,183	0.8	(C)	70.33
Sanitary District (4% Limit)								
(2000 Population: 860)	2002	\$ 26,498,745	\$ 89,380	\$ 10,262	\$ 79,118	0.3 %	7 %	\$ 92.00
(1990 Population: 744)	2001	8,672,972	98,340	4,052	94,288	1.1	9	109.64
	2000	8,432,110	107,105	4,975	102,130	1.2	10	118.76
	1999	8,342,408	116,580	4,294	112,286	1.3	11	150.94
	1998	8,108,889	125,290	4,617	120,673	1.5	12	162.21
	1997	7,988,135	133,655	2,692	130,963	1.6	14	176.04
	1996	7,676,460	141,655	8,175	133,480	1.7	14	179.43
	1995	6,853,029	150,425	855	149,570	2.2	18	201.06
	1994	6,678,207	146,725	1,333	145,392	2.2	18	195.44
	1993	6,565,156	162,216	5,401	156,815	2.4	20	210.79
Public Safety Communications & Computer Facilities District								
(.33% limit)	2002	\$ 28,982,117	\$ 15,000	\$ 1,204	\$ 13,796	0.0 %	14 %	\$ 16.04
(2000 Population: 860)	2001	9,493,145	15,000	735	14,265	0.2 %	15	16.59
(1990 Population: 744)	2000	9,211,484	15,000	756	14,244	0.2 %	15	16.56
	1999	9,104,157	15,000	712	14,288	0.2 %	16	19.21

(continued)

CITY OF INDIANAPOLIS**Ratio of Net General Bonded Debt To Assessed Value and Net Bonded Debt Per Capita (A) (E)***Last Ten Years**(In Thousands)*

	<u>Year</u>	<u>Assessed Value (B)</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Fund Balance</u>	<u>Net Bonded Debt</u>	<u>Percentage of Net Bonded Debt to Assessed Value</u>		<u>Percentage of Net Bonded Debt to Limit</u>		<u>Net Bonded Debt per Capita</u>
Flood Control District (.67% limit)										
(2000 Population: 860)	2002	\$ 28,982,117	\$ 33,930	\$ -	\$ 33,930	0.1	%	18	%	\$ 39.45
(1990 Population: 797)	2001	9,493,145	35,765	937	34,828	0.4		18		40.50
	2000	9,211,484	37,395	1,575	35,820	0.4		19		44.93
	1999	9,104,157	38,935	199	38,736	0.4		21		48.59
	1998	8,855,890	38,935	180	38,755	0.4		22		48.62
	1997	8,715,533	39,535	445	39,090	0.4		22		49.04
	1996	8,384,463	39,535	310	39,225	0.5		23		49.21
	1995	7,460,584	40,781	322	40,459	0.5		27		50.75
	1994	7,269,766	39,646	441	39,205	0.5		27		49.18
	1993	7,146,622	42,831	974	41,857	0.6		29		52.51
Metropolitan Thoroughfare District (1.33% Limit)	2002	\$ 28,982,117	\$ 77,560	\$ 567	\$ 76,993	0.3	%	20	%	\$ 89.53
(2000 Population: 860)	2001	9,493,145	82,030	615	81,415	0.9		21		94.67
(1990 Population: 797)	2000	9,211,484	85,245	1,540	83,705	0.9		23		105.00
	1999	9,104,157	87,195	1,091	86,104	0.9		24		108.01
	1998	8,855,890	89,530	1,193	88,337	1.0		25		110.81
	1997	8,715,533	91,365	1,145	90,220	1.0		26		113.18
	1996	8,384,463	93,555	587	92,968	1.1		28		116.62
	1995	7,460,584	95,055	325	94,730	1.3		32		118.83
	1994	7,269,766	98,405	1,288	97,117	1.3		33		121.83
	1993	7,146,622	103,405	4,408	98,997	1.4		35		124.19
Park District (C) (D)	2002	\$ 28,982,117	\$ 29,535	\$ 120	\$ 29,415	0.1	%	(C)	%	\$ 34.20
(2000 Population: 860)	2001	9,493,145	29,535	320	29,215	0.3		(C)		33.97
(1990 Population: 797)	2000	9,211,484	29,535	294	29,241	0.3		(C)		36.68
	1999	9,104,157	29,535	271	29,264	0.3		(C)		36.71
	1998	8,855,890	30,350	351	29,999	0.3		(C)		37.63
	1997	8,715,533	30,830	382	30,448	0.3		(C)		38.20
	1996	8,384,463	31,445	261	31,184	0.4		(C)		39.12
	1995	7,460,584	32,045	131	31,914	0.4		(C)		40.03
	1994	7,269,766	32,895	301	32,594	0.4		(C)		40.89
	1993	7,146,622	35,048	1,858	33,190	0.5		(C)		41.64
	1992	6,956,916	10,448	286	10,162	0.1		(C)		12.75

(A) Data is presented on the modified accrual basis

(B) Taxable Property is assessed at 33-1/3% of the True Tax Value for the years 1993 through 2001. It is assessed at 100% for 200;

Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicate

(C) There is no statutory constitutional debt limitation applicable to Redevelopment and Park Districts

(D) Excluding \$431,601 of Redevelopment and Park District Tax Increment Bonds

(E) Per capita is not expressed in thousands

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2002
(In Thousands)

Table VIII
page 1

Direct Debt:	Map Reference	Assessed	Bonding Limit		Bonds
	[See Introduction (H)]	Value (G)	%	Dollar Amount	Outstanding
City of Indianapolis:					
Civil City	2	26,974,946	0.67%	\$ 179,833	\$ 2,165
Consolidated County	1	28,982,117	(C)	-	-
Park District	1	28,982,117	(I)	-	29,535
Redevelopment Distric	2	26,974,946	(I)	-	38,105
Flood Control Distric	1	28,982,117	0.67%	193,214	33,930
Metropolitan Thoroughfare Distric	1	28,982,117	1.33%	386,428	77,560
Sanitary District	8	26,498,745	4.00%	1,059,950	89,380
Police Special Service Distric	5	9,391,708	(B)	-	-
Police Pensior		9,361,708		-	-
Fire Special Service Distric	6	8,260,075	(B)	-	-
Fire Pension		8,260,075		-	-
Solid Waste Collect Special Service Distric	7	27,014,485	(B)	-	-
Solid Waste Disposal Distric	1	28,982,117	2.00%	579,642	-
Pub Safety Comm and Comp Facilities Distric	1	28,982,117	0.33%	96,607	15,000
Total City Deb				<u>\$ 2,495,675</u>	<u>\$ 285,675 (D)</u>
Overlapping:					
Marion County	1	28,982,117	0.67%	<u>\$ 193,214</u>	<u>\$ 10,000</u>
Municipal Corporations:					
Airport Authority	1	28,982,117	0.67%	193,214	-
Health & Hospital Corporation	1	28,982,117	0.67%	193,214	50,935
Capital Improvement Boar	1	28,982,117	0.67%	193,214	-
Indpls-Marion Co. Building Authorit	1	28,982,117	(E)	-	38,810
Indianapolis-Marion County Librar	4	27,981,289	0.67%	186,542	85,750
Indianapolis Public Transportation Corp.	2	27,342,593	0.67%	182,284	17,530
Total Municipal Corporation:				<u>\$ 948,468</u>	<u>\$ 193,025</u>
School Districts:					
Beech Grove	9	340,995	(J)	\$ 42,999	\$ 36,179
Decatur	9	785,775	(J)	43,081	27,365
Franklin	9	982,761	(J)	127,106	107,451
Indianapolis Public School	9	7,876,255	(J)	218,715	61,190
Lawrence	9	3,344,412	(J)	163,487	96,599
Perry	9	2,283,445	(J)	147,480	101,811
Pike	9	3,912,351	(J)	176,557	98,310
Speedway	9	659,833	(J)	13,197	-

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2002
(In Thousands)

Table VIII
page 2

	Map Reference [See Introduction (H)]	Assessed Value (G)	Bonding Limit		Bonds Outstanding
			%	Dollar Amount	
School Districts (continued)					
Warren	9	\$ 2,587,140	(J)	\$ 201,305	\$ 149,562
Washington	9	3,526,463	(J)	87,884	17,355
Wayne	9	2,682,687	(J)	171,487	117,833
Total School Districts		<u>\$ 28,982,117</u>		<u>\$ 1,393,297</u>	<u>\$ 813,655</u>
Other Cities and Towns					
Beech Grove	2	\$ 367,647	0.67%	\$ 2,451	\$ 1,887
Lawrence	2	940,152	0.67%	6,268	279
Southport	2	39,538	0.67%	264	-
Speedway	2	659,833	0.67%	4,399	2,325
Total Towns and Other Cities		<u>\$ 2,007,170</u>		<u>\$ 13,381</u>	<u>\$ 4,491</u>
Townships					
Center	3	\$ 4,568,468	0.67%	\$ 30,456	\$ -
Decatur	3	787,149	0.67%	5,248	3,000
Franklin	3	1,105,016	0.67%	7,367	3,423
Lawrence	3	3,667,419	0.67%	24,449	743
Perry	3	2,524,270	0.67%	16,828	1,156
Pike	3	3,981,941	0.67%	26,546	-
Warren	3	3,487,476	0.67%	23,250	14,598
Washington	3	4,505,420	0.67%	30,036	-
Wayne	3	4,354,958	0.67%	29,033	571
Total Townships		<u>\$ 28,982,117</u>		<u>\$ 193,214</u>	<u>\$ 23,491</u>
Excluded Library Districts					
Beech Grove	4	\$ 340,995	0.67%	\$ 2,273	\$ 3,440
Speedway	4	659,833	0.67%	4,399	590
Total Excluded Cities Library Districts		<u>\$ 1,000,828</u>		<u>\$ 6,672</u>	<u>\$ 4,030</u>
Ben Davis Conservancy District		<u>\$ 196,165</u>	(F)		<u>\$ -</u>
Total Overlapping Debt					<u>\$ 1,048,692</u>
Total Direct and Overlapping Debt					<u>\$ 1,334,367</u>

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2002
(In Thousands)

- (A) Excludes Revenue Bonds not payable from ad valorem taxes.
- (B) No bonding authority.
- (C) No bonding authority from ad valorem taxes.
- (D) Excludes \$140 of matured bonds not presented for payment and \$14,610 of deferred interest on the Redevelopment Capital Appreciation bond.
- (E) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (F) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (G) Represents the March 1, 2001 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2002.
- (H) See pages XXI and XXII.
- (I) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
- (J) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

CITY OF INDIANAPOLIS
Computation of Legal Debt Margin (A)
December 31, 2002
(In Thousands)

TABLE IX

	<u>Assessed Value (B)</u>	<u>Debt Limit Percentage</u>	<u>Debt Limit</u>	<u>Bonds Outstanding (F)</u>	<u>Subtotal</u>	<u>Plus Amount Available in Debt Service Fund</u>	<u>Legal Debt Margin</u>
Civil City	\$ 26,974,946	0.67%	\$ 179,833	\$ 2,165	\$ 177,668	\$ 28	\$ 177,696
Consolidated County	28,982,117	(C)	-	-	-	-	-
Park District	28,982,117	(D)	-	29,535 (G)	-	120	-
Redevelopment District	26,974,946	(D)	-	38,105 (G)	-	7,534	-
Flood Control District	28,982,117	0.67%	193,214	33,930	159,284	-	159,284
Metropolitan Thoroughfare District	28,982,117	1.33%	386,428	77,560	308,868	567	309,435
Sanitary District	26,498,745	4.00%	1,059,950	89,380	970,570	10,262	980,832
Police Special Service District	9,391,708	(E)	-	-	-	-	-
Fire Special Service District	8,260,075	(E)	-	-	-	-	-
Solid Waste Collection Special Service District	27,014,485	(E)	-	-	-	-	-
Solid Waste Disposal District	28,982,117	2.00%	579,642	-	579,642	-	579,642
Public Safety Communications and Computer Facilities District	28,982,117	0.33%	96,607	15,000	79,931	1,204	81,135

(A) Excludes Revenue Bonds not payable from ad valorem taxes.

(B) Represents the March 1, 2001 (Marion County Auditor's "certified abstract" assessment for taxes due and payable in 2002).

(C) No bonding authority payable from ad valorem taxes.

(D) There is no statutory constitutional debt limitation applicable to the Park and Redevelopment Districts.

(E) No bonding authority.

(F) Including \$140 of matured bonds not presented for payment.

(G) Excluding \$431,601 of Redevelopment and Park District Tax Increment Bonds.

TABLE X

CITY OF INDIANAPOLIS
Ratio of Annual Debt Service Expenditures
For General Bonded Debt To Total General Expenditures (A)
Last Ten Years
(In Thousands)

Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service To General Expenditures
2002	\$ 24,286	\$ 38,314	\$ 62,600	\$ 813,651	7.7% %
2001	88,995	51,018	140,013	695,528	20.1
2000	34,069	51,784	85,853	635,663	13.5
1999	24,781	48,341	73,122	735,534	9.9
1998	115,391	54,609	170,000	651,501	26.1
1997	23,619	48,570	72,189	555,936	13.0
1996	29,708	48,041	77,749	561,554	13.8
1995	20,360	53,698	74,058	679,883	10.9
1994	21,110	47,846	68,956	656,741	10.5
1993	59,210	59,858	119,068	593,091	20.1

(A) Data is presented on the modified accrual basis of accounting.

TABLE XI

CITY OF INDIANAPOLIS
Schedule of Housing Agency Revenue Bond Retirements
Last Ten Years (A)
(In Thousands)

Year	Net Revenue Available for Debt Service (B)	Debt Service Requirements (A)			Coverage
		Principal	Interest	Total	
2002	\$ 1,605	\$ 1,122	\$ 483	\$ 1,605	100 %
2001	1,919	1,225	2	1,227	100
2000	2,254	1,394	860	2,254	100
1999	2,237	1,321	916	2,237	100
1998	2,237	1,258	980	2,238	100
1997	2,239	1,198	1,041	2,239	100
1996	2,235	1,136	1,099	2,235	100
1995	2,238	1,083	1,155	2,238	100
1994	2,245	1,037	1,208	2,245	100
1993	2,237	979	1,258	2,237	100

(A) Data is presented on the accrual basis of accounting

(B) Data represents HUD debt service subsidies of 100% of the debt service requirements on an accrual basis

CITY OF INDIANAPOLIS

Property Value, Construction, and Deposits In Banks and Savings and Loans

Last Ten Years

(In Thousands)

TABLE XII

Year	Estimated Actual Property Value (D)	Construction (A)		Bank Deposits (B)	Savings and Loan Deposits (C)
		Number of Permits Issued	Value of Buildings		
2002	\$ 28,892,117	36	\$ 1,760,318	\$ 12,659,000	\$ 1,273,000
2001	28,479,434	41	1,932,731	11,520,000	2,392,000
2000	27,634,452	37	2,363,510	10,433,000	2,075,000
1999	27,312,471	40	1,948,287	11,301,000	1,903,000
1998	26,567,669	38	1,845,018	11,277,000	1,780,000
1997	26,146,608	39	1,199,898	9,771,643	1,472,507
1996	25,153,388	38	1,070,886	9,804,723	1,498,840
1995	22,389,419	39	1,339,263	10,042,791	1,469,224
1994	21,809,298	43	1,241,256	7,991,036	1,780,185
1993	21,439,867	40	1,241,856	9,993,564	1,541,336

(A) Source: City of Indianapolis, Department of Metropolitan Development.

(B) Source: Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 2002.
Numbers taken from the FDIC are as of June 30.

(C) Source: Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 2002.
Numbers taken from the FDIC are as of June 30.

(D) Source: Marion County Auditor's Office.

TABLE XIII

CITY OF INDIANAPOLIS
Principal Taxpayers and Employers
December 31, 2002

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2002 Net Assessed Valuation (A)</u>	<u>Employees (B)</u>
Allison Transmission Division of General Motors	Manufacturing - Automotive	\$ 386,846	4,119
American United Life Insurance Co.	Insurance	90,649	813
Anthem, Inc.	Insurance	37,081	3,509
Bank One Corporation	Banking	62,359	2,189
Citizens Gas & Coke Utility	Utility	30,430	1,161
Clarian Health Partners (C)	Hospitals	120,333	(D)
Daimler - Chrysler Corp.	Manufacturing	50,081	997
Eli Lilly and Company	Manufacturing - Pharmaceuticals	508,054	15,051
Federal Home Loan Bank	Banking	149,981	163
General Motors Corporation	Manufacturing - Automotive	39,810	2,248
Guidant Corp	Manufacturing - Medical Equipment	3,143	(D)
H.H. Gregg	Retail - Furniture	31,552	678
Indianapolis Power and Light	Utility	372,395	939
Indianapolis Star	Newspaper	21,398	1,247
Internation Truck and Engine Corp	Manufacturing - Automotive	160,340	1,838
Kroger Co.	Retail - Grocery	2,047	3,224
Marsh	Retail - Grocery	47,605	3,680
National Starch and Chemical	Manufacturing - Chemical	93,244	575
Reilly Industries, Inc.	Manufacturing - Chemical	37,325	337
Rexnord Corporation	Manufacturing - Power transmissions and conveying components	28,682	376
Roche Diagnostics Corp.	Manufacturing - Pharmaceuticals	108,512	2,300
Rolls-Royce	Manufacturing - Automotive	177,775	4,335
Simon Property Group, Inc.	Real Estate - Shopping Malls	229,385	890
Visteon Corporation (formerly Ford Motor Co.)	Manufacturing - Automotive	204,732	2,616
<u>Other Principal Employers</u>			
United States Government		N/A (E)	15,076 (F)
Indiana State Government		N/A (E)	12,500 (G)
Indianapolis-Marion County Government		N/A (E)	8,515 (H)
IUPUI	University	N/A (E)	6,763
Community Hospitals of Indianapolis, Inc.	Hospital/Health Care	N/A (E)	5,293

(A) Represents the March 1, 2001 valuations for taxes due and payable in 2002 as represented by the taxpayer. The principal taxpayers are located in different taxing districts, therefore percentage of total assessed valuation is not applicable. Amounts in thousands.

(B) As of December 31, 2002.

(C) Includes Methodist, I.U., and Riley hospitals.

(D) Data not available.

(E) Not-for-profit entity.

(F) Data is from the Office of Workforce Information located in the U.S. Office of Personnel Management.

(G) Data is per State of Indiana Personnel Department.

(H) Includes the following entites reporting to City-County Council: Airport Authority, Building Authority, Capital Improvement Board, City of Indianapolis, Marion County, Health and Hospital Corporation, Library Board and Indianapolis Public Transportation Corporation.

CITY OF INDIANAPOLIS
Demographic Statistics
December 31, 2002
(In Thousands)

Marion County - Effective Buying Income of Households (G) (H)

<u>Income Levels (I)</u>	<u>2001</u>		<u>2000</u>		<u>1999</u>		<u>1998</u>		<u>1997</u>	
	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>
Under \$20,000	19.6	70	23.2	83	23.9	80	25.3	85	25.7	86
\$20,000-\$34,999	23.7	84	22.4	80	22.7	76	23.5	78	23.8	80
\$35,000-\$49,000	19.7	70	18.0	64	18.8	63	19.0	63	19.0	64
Over \$50,000	37.0	131	36.4	130.0	34.6	116	32.2	108	31.5	105
Total Households	100.0	355	100.0	357	####	335	100.0	334	100.0	335

<u>Income Levels (I)</u>	<u>1996</u>		<u>1995</u>		<u>1994</u>		<u>1993</u>		<u>1992</u>	
	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>
Under \$20,000	26.5	89	28.0	93	24.0	79	25.7	81	27.7	85
\$20,000-\$34,999	24.5	82	25.1	84	22.8	75	24.0	75	25.9	80
\$35,000-\$49,000	19.1	64	19.4	65	20.0	66	20.4	64	20.3	63
Over \$50,000	29.9	100	27.5	92	33.2	110	29.9	94	26.1	80
Total Households	100.0	335	100.0	334	100.0	330	100.0	314	100.0	308

Comparison of Households by Percent Groupings (I):

	<u>MSA (C)</u>	<u>Marion County</u>	<u>Indiana</u>
Under \$20,000	17.8	16.2	21.7
\$20,000 to 34,999	22.6	23.7	25.5
\$35,000 to 49,999	19.2	19.7	20.1
\$50,000 and over	40.4	40.4	32.7

TABLE XIV
Page 2

CITY OF INDIANAPOLIS
Demographic Statistics
December 31, 2002
(In Thousands)

Population Trend (A)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Marion County	864	860	811	813	814	815	815	815	813	813
Consolidated City (B)	795	792	749	751	753	747	759	756	761	747
MSA (C)	1,635	1,607	1,537	1,519	1,439 (F)	1,505	1,492	1,473	1,452	1,293

Population by Age (D)	Percent of Total					2000	1990	1980	1970	1960 (E)
	2000	1990	1980	1970	1960					
0-19	28%	28%	32%	39%	36%	241	211	229	292	174
20-44	41	42	38	32	33	352	315	269	239	155
45-64	20	18	20	20	21	172	131	140	149	100
65 and Over	11	12	10	9	10	95	85	74	65	47
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>860</u>	<u>742</u>	<u>712</u>	<u>745</u>	<u>476</u>

(A) Source: U.S. Bureau of the Census 1995-2002 Population Estimates - <http://www.census.gov/population/estimates>.

(B) Marion County less Beech Grove, Lawrence, South Port and Speedway

(C) Metropolitan Statistical Area includes the following counties: Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, Shelby.

(D) Source: 1997 Survey of Buying Power, Sales and Marketing magazine.; 2000 and 2001 data from www.census.gov

(E) Before Unigov reorganization.

(F) Source: <http://www.iedc.com/demograp.htm>.

(G) Source: Survey of Buying Power, Sales, and Marketing magazine. For years 1996-2001

(H) Source: www.iedc.com/demograp.htm. For years 1992-1995.

(I) Income levels not expressed in thousands.

CITY OF INDIANAPOLIS - MARION COUNTY**Miscellaneous Statistical Data***December 31, 2002*

Date of Original Incorporation	1832
Date of Re-incorporation	1838
Date of First Charter Adopted	1891
Present Charter Adopted	1969
Form of Government	Council - Mayor
Area - Square Miles (Marion County)	402

Estimated Miles of Streets (Marion County)	
December 31,	
2002	3,078
2001	3,078
2000	3,078
1999	3,082
1998	3,054
1997	3,049
1996	3,046
1995	3,022
1994	3,000
1993	2,981

Approximate Miles of Sewers	December 31,	
	2002	2,930
	2001	2,822
	2000	2,714
	1999	2,669
	1998	2,400
	1997	2,400
	1996	2,400
	1995	2,400
	1994	2,568
	1993	2,568

CITY OF INDIANAPOLIS - MARION COUNTY
Miscellaneous Statistical Data
December 31, 2002

Per Capita Income (A)

<u>Year</u>	<u>National</u>	<u>State</u>	<u>MSA (B)</u>	<u>Marion County</u>
2002	\$ 31,062 (C)	\$ 28,240 (C)	(D)	(D)
2001	30,271	27,532	31,960	31,292
2000	29,469	26,933	31,155	30,780
1999 (E)	28,542	26,143	30,523	30,685
1998	26,482	24,302	29,304	29,579
1997	25,288	23,202	26,662	26,577
1996	24,164	22,234	25,475	25,470
1995	23,059	21,427	24,602	24,774
1994	22,180	20,811	23,169	23,465
1993	21,365	19,749	22,048	22,357

(A) U.S. Department of Commerce, Bureau of Economic Analysis - <http://www.bea.doc.gov/bea/regional/data.htr>

(B) Metropolitan Statistical Area

(C) Preliminary per capita income data.

(D) Data not available.

(E) Updated to show revised per capita income data

CITY OF INDIANAPOLIS - MARION COUNTY
Miscellaneous Statistical Data
December 31, 2002

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Fire Protection (Consolidated City of Indianapolis):										
Fire Station - in Special Service District	26	26	26	26	26	26	26	29	29	29
Fire Station - All Others	36	34	34	42	31 (D)	31 (D)	39	21	48	48
Total Number of Stations	<u>62</u>	<u>60</u>	<u>60</u>	<u>68</u>	<u>57</u>	<u>57</u>	<u>65</u>	<u>50</u>	<u>77</u>	<u>77</u>
Employees - in Special Service District	819	804	775	747	744	744	744	722	717	719
Employees - All Others	871	830	773	655 (E)	467	467 (D)	641	571	673	682
Total Number of Employees	<u>1,690</u>	<u>1,634</u>	<u>1,548</u>	<u>1,402</u>	<u>1,211 (D)</u>	<u>1,211</u>	<u>1,385</u>	<u>1,293</u>	<u>1,390</u>	<u>1,401</u>
Police Protection:										
City of Indianapolis (A)	1,420	1,420	1,342	1,322	1,295	1,288	1,326	1,327	1,344	1,337
Marion County	1,335	1,151	1,211	1,210 (A)	831	818	952	820	793	801
Total Number of Employees	<u>2,755</u>	<u>2,571</u>	<u>2,553</u>	<u>2,532</u>	<u>2,126</u>	<u>2,106</u>	<u>2,278</u>	<u>2,147</u>	<u>2,137</u>	<u>2,138</u>
Recreation (Marion County)										
Parks - Number	163	159	159	152	149	149	143	135	134	134
Parks - Acreage	10,324	10,305	10,037	9,866	9,866	9,414	9,414	9,414	9,375	9,375
Playgrounds	123	123	121	116	100	110	109	129	125	120
Golf Courses	13	13	13	13	13	13	12	12	12	12
Recreational Centers	18	18	18	18	18	17	17	17	16	16
Swimming Pools - Outdoors	16	16	16	16	16	15	14	14	14	14
Swimming Pools - Indoors	4	4	4	4	4	4	3	4	3	3
Education (Public Schools)										
Number of Students (Grades K-12) (B)	129,067	127,213	127,569	124,822	125,189	125,508	123,179	122,466	121,629	121,519
Number of Street Lights (Marion County)	29,629	29,638	29,477	29,458	29,415	29,481	29,964	28,358	28,832	28,832
Employees:										
City of Indianapolis (C)	3,892	3,885	3,834	3,850	3,670	3,614	3,735	4,044	4,178	4,501
Marion County	3,072	3,003	2,879	2,819	2,796	2,673	2,627	2,640	2,838	2,949
Total Number of Actual Employees	<u>6,964</u>	<u>6,888</u>	<u>6,713</u>	<u>6,669</u>	<u>6,466</u>	<u>6,287</u>	<u>6,362</u>	<u>6,684</u>	<u>7,016</u>	<u>7,450</u>

(A) Includes civilians.

(B) Data presented is per the Indiana Department of Public Instruction for Marion County, all districts.

(C) Includes full-time, part-time, and seasonal.

(D) Excludes Franklin Township.

(E) Excludes Warren Township.

CITY OF INDIANAPOLIS
Schedule of Insurance in Force
December 31, 2002

(A) Name of Company (B) Type of Coverage	Policy	Policy Period		Details of Coverage	Liability Limits	Annual Premiums	Deductible
		From	To				
(A) Chubb Insurance Agent: Gregory & Appel	35363751	01-01-02	01-01-03	Blanket insurance on real and personal property of City/County, on fire, EDP, boiler, & flood, excess 40 million.	\$647,957,208	\$291,184	\$25,000 \$100,000 / Flood \$250,000/Flood Southport \$50,000 Ellenberger / Perry under pipe/drain
(A) Hartford Fire Ins. Co. (B) Flood and Earthquake Insurance Agent: A.I. King Insurance	36XLS0G3127	01-24-02	01-01-03	Excess flood and earthquake. 50 million excess.	\$558,898,209	\$28,110	\$50,000,000
(A) Phoenix Aviation Manager: Old Republic (B) Aircraft Insurance Agent: Darlene Clidinst	HL11303	01-01-02	01-01-03	Protection for City and Police Department against bodily injury and property damage arising from operation of two helicopters.	\$5,000,000 single limit - bodily injury and property damage (liability includes pilot & crew) - GVS - over and above \$100,000 for any people physical damage not covered	\$10,985	None
(A) Peerless (B) Blanket Fidelity Bond (City of Indianapolis)	A26605	01-01-02	01-01-03	Public Employee Dishonesty and Forgery or Alteration. Blanket Position Bond covering all employees of the City other than officials that are required to be bonded individually.	\$100,000 All employees except elected officials - \$25,000	\$4,817	\$2,500 Employee Dishonesty
(A) Chubb Insurance	50433	01-01-02	01-01-03	Coverage for theft, disappearance & destruction of monies In and Out for Parks, Controller's Office, Treasurer	Parks \$20,000 Controller \$25,000 Treasurer \$25,000	Included in property premium	None
(A) Peerless (B) Bond Agent: Fox & Fox	18-773797	01-01-02	01-01-03	Public Official Bond for City Controller - Kathy Davis.	\$300,000	\$881	None
(A) Peerless (B) Bond Agent: Fox & Fox	8059041	01-01-02	01-01-03	Public Officials coverage for Marion County Treasurer - Greg Jordan.	\$300,000	\$1,175	None
(A) Fidelity & Deposit (B) Bond Agent: Fox & Fox	3-633430	05-01-02	05-01-03	Public Official Bond Ronald Bowman - Fire (pension secretary).	\$8,500	\$100	None

CITY OF INDIANAPOLIS
Salaries of Principal Officials
December 31, 2002

Table XVII

Name	Title	Annual Salary Excluding Meeting Per-Diem
Bart Peterson	Mayor	\$ 95,000
Michael O'Connor	Chief Deputy Mayor	98,500
Jane Henegar	Deputy Mayor for Public Policy	98,500
Carolyn Coleman	Deputy Mayor / Neighborhoods	98,500
Katherine Davis	City Controller	95,481
A. Scott Chinn	Corporation Counsel	95,481
Barbara Lawrence	Director of Public Works	86,800
Robert Turner	Director of Public Safety	95,581
Joseph Wynns	Director of Parks & Recreation	84,872
Maury Plambeck	Director of Metropolitan Development	87,550
Brenda L. Burke	Director of Administration	80,126
Dr. Philip Borst	City-County Council President	90,176
Beulah Coughenour	City-County Councillor Vice-President, Majority Leader	12,720
Rozelle Boyd	City-County Councillor, Minority Leader	12,720
John Bainbridge	City-County Councillor	12,197
Elwood Black	City-County Councillor	11,400
James Bradford	City-County Councillor	12,197
Maggie Brents	City-County Councillor	11,400
Bob Cockrum	City-County Councillor	12,197
Lonnell Conley	City-County Councillor	11,400
Curtis Coonrod	City-County Councillor	11,400
William Douglas	City-County Councillor	11,400
William Dowden	City-County Councillor	12,197
Sean Frick	City-County Councillor	11,400
Ron Gibson	City-County Councillor	11,400
Monroe Gray, Jr.	City-County Councillor	11,400
Karen Celestino Horseman	City-County Councillor	11,400
Harvey Knox	City-County Councillor	11,400
Lance Langsford	City-County Councillor	11,400
Robert Massie	City-County Councillor	12,197
Lynn McWhirter	City-County Councillor	12,197
Mary Moriarty Adams	City-County Councillor	11,400
Jackie Nytes	City-County Councillor	11,400
Joanne Sanders	City-County Councillor	11,400
Scott Schneider	City-County Councillor	11,400
Frank T. Short	City-County Councillor	11,400
David Smith	City-County Councillor	12,197
Bill Soards	City-County Councillor	11,400
Steve Talley	City-County Councillor	11,400
Jody Tilford	City-County Councillor	12,197

All City employees except elected officials are covered by a \$100,000 blanket bond. The City Controller and Ex-officio City Treasurer are also covered by a fidelity bond in the amount of \$300,000.